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UNICEF integrated budget, 2018-2021*Summary*

The integrated budget for 2018-2021 contains the resources that will contribute to the achievement of the UNICEF integrated results and resources framework.

As an integral part of the UNICEF Strategic Plan, 2018-2021 (E/ICEF/2017/17), the integrated budget should also be considered in conjunction with the Strategic Plan and its annexes. A separate annex to the integrated budget (E/ICEF/2017/AB/L.4/Add.1) should also be considered as part of this document.

The total projected revenue for 2018-2021 is \$22.8 billion, representing an annual growth of 5 per cent, and is based on consultations with major donors, including private sector partners and National Committees for UNICEF. Demonstration of results and value for money, as well as continued investment in resource mobilization and public advocacy and outreach will help to drive this projected growth in revenue, which will be prioritized for use in country programmes and will contribute to improved outcomes and results for children.

Of the \$20.3 billion available for programmes during 2018-2021, UNICEF is proposing to channel \$19.2 billion, or 95 per cent, through country programmes of cooperation. This is \$2.9 billion, or 18 per cent higher than the 2014-2017 mid-term review of the integrated budget (MTR).

From the resources available for programmes, UNICEF is proposing a budget from regular resources (RR) of \$220.0 million, and other resources (OR) of \$810.2 million, subject to the receipt of contributions to OR, for the Global and Regional Programme during 2018-2021.

UNICEF is proposing an institutional budget of \$2,455.5 million for 2018-2021, with \$1,095.2 million funding from RR, \$1,195.0 million from cost recovery from OR, and \$165.3 million from OR. Compared with the original 2014-2017 budget, the proportion of total resources utilized for the proposed institutional budget will decrease from 11.9 per cent to 10.2 per cent.

* E/ICEF/2017/14.



A draft decision on the integrated resource plan, institutional budget and Global and Regional Programme is included in section VII of this document.

This integrated budget proposal will be presented to the Advisory Committee on Administrative and Budgetary Questions, whose report will also be shared with the Executive Board.

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I. Introduction

1. This document presents the UNICEF integrated budget, 2018-2021. It is an integral part of the UNICEF Strategic Plan, 2018-2021 (E/ICEF/2017/17), and should be considered in conjunction with the Strategic Plan and its annexes.
2. The Strategic Plan describes the results to be achieved for children by UNICEF by the year 2021 in the context of the 2030 Agenda for Sustainable Development. It also describes the groups of children to be reached in diverse contexts; the change strategies necessary for the achievement of results; and the factors that support the change strategies and the achievement of results.
3. The Strategic Plan contains a single results framework architecture for UNICEF, comprising 5 Goal Areas, 2 cross-cutting priorities, 25 result areas, 8 change strategies and 4 organizational performance focus areas. The integrated results and resources framework identifies how the resources available to UNICEF are linked to the Strategic Plan goals and the organization's efforts to improve effectiveness and efficiency.
4. UNICEF uses an integrated resource plan for the presentation of budgetary information, defined cost-classification categories, as well as cost-recovery methodologies and approaches to cost attribution that have been approved for harmonized use by the Executive Boards of UNICEF, the United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women).

II. Integrated resource plan

5. This section provides information on (a) actual financial performance, compared with the resource plan approved by the Executive Board for the period 2014-2017 as part of the report on the midterm review of the UNICEF integrated budget, 2014-2017 (E/ICEF/2016/AB/L.2/Rev.1); and (b) the integrated resource plan proposed for the period 2018-2021.

Review of financial performance, 2014-2017

6. Actual financial performance against the original 2014-2017 Strategic Plan and the MTR is highlighted in appendix C of the annex to the present report.
7. In 2016, UNICEF revised its integrated resource plan for 2014-2017, taking into account actual revenue and expenditures for 2014, provisional estimates for 2015 and revised estimates for 2016-2017. Within the framework of the revised plan and taking into account the projected increase in total revenue of 15 per cent, from \$16.3 billion to \$18.8 billion, UNICEF proposed increasing the planned expenditure for programmes by 15 per cent to \$17.1 billion, as compared to the initial plan of \$14.8 billion. At the same time, UNICEF proposed maintaining the institutional budget at the initially approved level of \$2,094.5 million for 2014-2017, with \$1,039.3 million funding from regular resources (RR), \$938.8 million from cost recovery and \$116.4 million from other resources (OR). Compared to the initially approved integrated resource plan 2014-2017, the proportion of total resources utilized for the institutional budget in the revised 2014-2017 integrated resource plan decreased from 11.9 per cent to 10.5 per cent.
8. From the resources available for programmes, UNICEF proposed maintaining a budget for the Global and Regional Programme during 2014-2017 of RR of

\$180.0 million and OR of \$528.4 million, subject to the receipt of contributions to OR.

Integrated resource plan, 2018-2021

9. Table 1 below provides information on the projected total available resources and the proposed use of resources for all cost classification categories for 2018-2021.

Resources available

10. Total resources available of \$24.5 billion are projected for 2018-2021, comprising \$6.8 billion in RR and \$17.7 billion in OR.

11. The total projected revenue is \$22.8 billion, representing an annual growth of 5 per cent, and is based on consultation with major donors, private sector partners and National Committees for UNICEF, as well as the historical trend of revenue growth (see appendix E of the annex: Annual revenue projections, 2018-2021).

12. UNICEF will advocate for domestic financing and budgeting for programmes benefiting children. UNICEF will also have a strong focus on mobilizing resources from Governments and the private sector — including individuals, foundations and corporations — to maximize longer-term, flexible and predictable funds in support of UNICEF programmes and advocacy for children, including for preparedness and humanitarian action. The rationale for an increased focus on resource mobilization is a reflection of the ambitions of the 2030 Agenda, a growing demand from host Governments to collaborate on interventions at scale that can deliver the transformative change envisioned in the Sustainable Development Goals, and the need to respond to the continued frequency and complexity of humanitarian situations.

13. The projected growth in revenue, particularly RR revenue, will be driven by investment in the recruitment and retention of monthly pledge donors and increased leveraging of legacy, corporate and foundation fundraising opportunities. This will be underpinned by the ability of UNICEF to continue to demonstrate results and value for money.

14. The UNICEF policy is to ensure the availability of RR equivalent to between three months and six months of planned expenditure. This balance of available resources, also referred to as *working capital*, is considered prudent for ensuring the continuity of programme and other activities. Available resources are represented by cash and other net assets. UNICEF ensures that the cash balance complies with the minimum liquidity requirement on an annual basis.

Use of resources

15. The total proposed use of resources for 2018-2021 is \$24.0 billion, comprising RR of \$6.4 billion and OR (including cost recovery) of \$17.6 billion.

16. Of the \$24.0 billion, UNICEF is proposing to utilize \$21.0 billion for development activities, \$49.3 million for United Nations development coordination activities, \$1.6 billion for management activities, and \$1.3 billion for special purpose activities. Compared with the 2014-2017 MTR, the proportion of total resources utilized for development activities is proposed to decrease from 89 per cent to 88 per cent, and the proportion of total resources utilized for management activities to decrease from 7.2 per cent to 6.7 per cent.

17. Within development activities, UNICEF is proposing to make \$20.3 billion available for programmes and to increase programme expenditure gradually over the

budget period. This growth will be funded from projected increased revenue and accumulated available resources; the latter will be reduced to the level considered prudent for ensuring the continuity of activities.

18. From the resources available for programmes, UNICEF is proposing for approval a budget for the *Global and Regional Programme* during 2018-2021 of \$220.0 million from RR, and \$810.2 million from OR, subject to the receipt of contributions to OR.

19. UNICEF is proposing an *institutional budget* of \$2,455.5 million for 2018-2021. The institutional budget comprises the following resource requirements: \$721.9 million for development effectiveness; \$49.3 million for United Nations development coordination; \$1,604.3 million for management; and \$1,318.2 million for special purpose activities.

20. Compared with the 2014-2017 MTR, the proportion of total resources utilized for the institutional budget is proposed to decrease from 10.5 per cent to 10.2 per cent.

21. Of the institutional budget of \$2,455.5 million, \$1,095.2 million is proposed for funding from RR, \$1,195.0 million from cost recovery from OR, and \$165.3 million from OR. Compared with the 2014-2017 MTR, the proportion of management activities funded from cost recovery will increase from 63 per cent to 71 per cent.

22. UNICEF is including in the integrated budget and total use of resources, under special purpose activities, budgetary provisions for (a) private sector fundraising (PSFR); and (b) other amounts, including procurement services.

23. The resource requirements proposed under PSFR comprise the direct costs and investment costs supporting the fundraising and marketing activities of the National Committees and UNICEF country offices. The appropriation for these resource requirements is presented for approval by the Executive Board on an annual basis, in conjunction with the Private Fundraising and Partnerships workplan and proposed budget.

24. The authority to incur financial commitments for services provided by UNICEF, such as procurement services, is provided in financial regulations 5.1 to 5.3 on the administration and defrayal of costs of special accounts on behalf of others.

Sufficiency of reserves

25. UNICEF maintains reserves to fund its employee benefits liabilities, comprising after-service health insurance (ASHI) and end-of-service entitlements. As at 31 December 2016, the actuarial value of these liabilities was \$1.22 billion and accumulated reserves totalled \$0.62 billion. The accumulated reserves are projected to increase to \$0.66 billion by 31 December 2017.

26. UNICEF continues to periodically monitor the strategy to fund these reserves in the longer term. This includes the accumulation of funds from payroll charges to the budgetary authorities and funding sources with which staff members are associated and, if year-end fund balances permit, an appropriate annual transfer of resources. In addition, UNICEF and a number of other United Nations agencies, including UNDP and UNFPA, have outsourced the management of ASHI investments to two investment managers, which has contributed to increased funding for the ASHI reserve. UNICEF continues to actively fund the reserves, although it is important to note that changes in the funding deficit are mostly contingent on the results of the periodic actuarial valuation.

Lessons learned from the implementation of the integrated budget, 2014-2017

27. In its decision 2016/9, the Executive Board requested UNICEF, "in consultation with UNDP, UNFPA and UN-Women, as appropriate, to incorporate relevant lessons learned from the integrated budget, 2014-2017, in preparation for the integrated budget, 2018-2021".

28. The preparation and implementation of a four-year budget has presented opportunities as well as challenges for UNICEF. In particular, the alignment of the Strategic Plan and integrated budget planning periods has enabled UNICEF to strengthen linkages between strategic and financial planning. This is critically important, as both documents constitute two aspects of a single, unified vision for the organization. From a resource mobilization perspective, it is necessary to have a long-term plan to help prospective donors to understand and appreciate the scope of programme funding needs. The opportunity of the midterm review has also enabled UNICEF to revise plans and reflect on lessons learned prior to the preparation of a new budget proposal. Furthermore, the four-year planning horizon benefits from the guidance of and alignment with the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR).

29. A four-year budget also involves operational challenges. UNICEF has had to revise RR projections due to exchange rate fluctuations as well as indications from donors. The longer-term financial planning horizon necessarily brings more uncertainty and the likelihood of changing priorities, assumptions and circumstances. This uncertainty is being addressed through the combination of regular monitoring and reforecasting of revenue and expenditure and prudent management of reserves.

Table 1
Integrated resource plan, 2014-2017

Approved 2014-2017 MTR (E/ICEF/2016/AB/L.2/Rev.1)						
Regular resources		Other resources		Total resources		Trust funds
	%	Programme recovery	Cost			
\$m	%	\$m	\$m	\$m	%	\$m
1. Resources available						
Operating balance	575.3	1,853.1	-	2,428.4	-	586.0
Income						
Contributions	4,697.7	13,685.7	-	18,383.4	-	-
Other income and reimbursements	402.5	-	-	402.5	-	-
Total income	5,100.2	13,685.7	-	18,785.9	-	-
Tax reimbursement adjustment	(76.6)	-	-	(76.6)	-	-
Trust fund receipts	-	-	-	-	-	7,577.0
Total available	5,508.9	15,538.8	-	21,137.7	-	8,163.0
2. Use of resources						
A Development						
A.1 Programmes						
Country programmes	3,651.8	13,429.1	-	17,080.9	86.0%	7,333.0
Global programme	3,471.8	12,900.6	-	16,372.4	82.5%	-
A.2 Development effectiveness	180.0	528.4	-	708.5	3.6%	-
Subtotal Development	4,119.2	13,529.2	-	17,648.4	88.9%	7,333.0
B United Nations development coordination	20.3	16.3	-	36.6	0.2%	-
C Management	531.2	-	904.2	1,435.4	7.2%	-
D Special purpose	20.4	-	34.6	55.0	0.3%	-
D.1 Capital investments	410.6	86.0	-	496.6	2.5%	-
D.2 Private financing and partnerships, direct investment grants	182.5	-	-	182.5	0.9%	-
D.3 Other	613.4	86.0	34.6	734.1	3.7%	-
Subtotal Special purpose	-	-	-	-	-	-
Total institutional budget (A.2 + B + C + D.1)	1,039.3	116.4	938.8	2,094.5	10.4%	-
Integrated budget (A + B + C + D)	5,284.1	13,631.5	938.8	19,854.4	100.0%	7,333.0
C Closing balance of resources	314.7	968.5	-	1,283.3	-	810.0

III. Integrated results and resources framework

30. The Strategic Plan, 2018-2021 contains a single results framework architecture for UNICEF, comprising 5 Goal Areas, 2 cross-cutting priorities, 25 result areas, 8 change strategies and 4 organizational performance focus areas.

31. Table 1 provides information on the proposed use of resources by cost-classification category. Table 2 identifies how total resources available to the organization will be allocated to these goals and results.

32. Over the past four years, substantive changes have been made in realigning headquarters functions; confirming responsibilities of field offices; strengthening regional office capacities; enhancing capacity and corporate systems for results-based management and reporting; increasing organizational capacity for preparedness and emergency response; simplifying work processes and establishing the Global Shared Services Centre (GSSC); and leveraging technology and innovation, as well as improvements in managing human resources. These developments are noted in the results and cluster comments below. Additional details on results achieved and progress against planned targets were provided in the report on the midterm review of the Strategic Plan, 2014-2017 (E/ICEF/2016/6) and the annual report of the Executive Director, 2016 (E/ICEF/2017/6) and related documents.

Planned use of resources for Strategic Plan goals

33. UNICEF is proposing increased investment to achieve programme goals during the period 2018-2021. Goal Area 1: Every child survives and thrives, is projected to utilize 40 per cent of total programme investment. Goal Area 2: Every child learns, is projected to use 20 per cent. Goal Area 3: Every child is protected from violence and exploitation, will utilize 12 per cent. Goal Area 4: Every child lives in a safe and clean environment, will be supported by 19 per cent of the programme budget. Goal Area 5: Every child has an equitable chance in life, will utilize 9 per cent, while also underpinning and cutting across the four other Goal Areas.

Country programmes of cooperation

34. Of the \$20.3 billion available for programmes during 2018-2021, UNICEF is proposing to channel \$19.2 billion, or 95 per cent, through country programmes of cooperation. This is \$2.9 billion, or 18 per cent, higher than the 2014-2017 MTR.

35. Regular resources are allocated to individual country programmes of cooperation according to the system for allocation of RR for programmes, approved by the Executive Board, with an emphasis on three core criteria: (a) under-five mortality rate; (b) gross national income per capita; and (c) child population.

36. The Executive Board approves indicative budgets for OR (regular) when approving country programme documents or equivalent, while OR (emergency) funds are programmed according to need.

Global and Regional Programme

37. UNICEF proposes to increase the global and regional budget to \$220.0 million, funded from RR and \$810.2 million from OR. The Global and Regional Programme contributes to each of the outcome areas of the Strategic Plan by: (a) creating and disseminating global and regional public goods, including monitoring and analysing the situation of children for global accountability; (b) contributing to and strengthening relevant global and regional policy and

coordination systems; and (c) contributing to the relevant global evidence base and normative guidelines. The Global and Regional Programme is integrated within the Strategic Plan and related results and resources framework. Global and regional programme resources are implemented by each of the seven UNICEF regional offices as well as relevant headquarters divisions and offices, including Programme; Data, Research and Policy; Supply; Evaluation; Emergency Programmes; and Communication.

Allocation of resources to organizational effectiveness and efficiency results

38. Resources for the organizational effectiveness and efficiency results are presented in accordance with the harmonized cost classification and results-based budgeting approach presented at the 2011 first regular session and approved by the Executive Board in decision 2011/6.

39. Resources allocated to organizational units are grouped into functional clusters, which provide the link between results and resources. The functional clusters for management activities are harmonized among UNDP, UNFPA, UN-Women and UNICEF. Development effectiveness activities are more closely associated with the programme outcomes and delivery modalities of each of the entities and are therefore not harmonized among them.

40. Within UNICEF, resources for development effectiveness are allocated to three functional clusters: technical excellence in policy and programmes; technical excellence in humanitarian action; and technical excellence in the procurement and management of supplies.

41. The paragraphs below provide a summary update by organizational effectiveness and efficiency result and functional cluster.

Table 2
Integrated results and resources framework, 2018-2021

	Goals	Functional cluster	2018-2021			
			Regular resources	Other resources		Total resources
				Programme	Cost recovery	
Programmes			4360.0	15917.3		20277.3
Goal Area 1 - Every child survives and thrives			1744.0	6366.9		8110.9
Goal Area 2 - Every child learns			872.0	3183.5		4055.5
Goal Area 3 - Every child is protected from violence and exploitation			523.2	1910.1		2433.3
Goal Area 4 - Every child survives in a safe and clean environment			845.8	3088.0		3933.8
Goal Area 5 - Every child has an equitable chance in life			375.0	1368.9		1743.9
Organizational effectiveness and efficiency						
1	Higher quality programmes through results-based management		589.0	133.0		721.9
		Technical excellence in policy and programmes	500.2	124.2		624.3
		Technical excellence in procurement and management of supplies	53.5	8.8		62.3
		Technical excellence in humanitarian action	35.3			35.3
2	Improved management of financial and human resources in pursuit of results		459.9	6.4	1138.0	1604.3
		Leadership and corporate direction	10.7	1.9	26.5	39.1
		Corporate oversight and assurance	13.8		34.1	47.8
		Corporate financial, information, communications and technology, and administrative management	70.4	.6	174.1	245.1
		Staff and premises security	8.1		20.0	28.1
		Corporate external relations and partnerships, communication and resource mobilization	71.8		177.6	249.4
		Corporate human resources management	27.1	3.8	67.1	98.0
		Field/country office oversight, management and operations support	258.1		638.6	896.7
3	Coordination of the United Nations Development System		23.3	25.9		49.3
		United Nations coherence and cluster coordination	23.3	25.9		49.3
4	Special purpose		988.1	273.0	57.0	1318.2
		Capital investment	23.0		57.0	80.0
		Private sector fundraising	725.1	273.0		998.2
		Other, including procurement services	240.0			240.0
Total resources			6420.3	16355.6	1195.0	23971.0

Result 1: Higher quality programmes through results-based management

Cluster: Technical excellence in policy and programmes

Resources: \$624.3 million

42. Comprising the Programme Division, the Division of Data, Research and Policy, the Field Results Group and the technical advisers in regional offices, this cluster is responsible for programme policy, guidance tools, technical support and quality assurance for the achievement of the programme goals of the Strategic Plan.

The cluster draws on research, lessons from evidence-based interventions and insights from practical programming experience.

43. The Programme Division will consolidate and scale up past advances (e.g. in child health, AIDS, immunization, polio, stunting and wasting, sanitation, safe water, child protection, and education quality and learning), accelerate work on existing priorities (e.g. early childhood development (ECD), social protection, leveraging of domestic resources, reducing open defecation rates, addressing harmful practices, ending violence, responding to public health emergencies, and promoting gender equality), and at the same time spearhead innovative programming and multisectoral approaches (e.g. ECD, adolescent programming, urbanization, migration, climate change adaptation). The Division has identified three priority work areas that require further attention to accelerate the above results: systems strengthening (specifically in support of community health, education, public finance and addressing violence against children), adolescent development and knowledge management.

44. The Division of Data, Research and Policy will harness the role of evidence in driving change to support all result areas of the Strategic Plan, 2018-2021. By the end of the Strategic Plan period, all countries will have baseline data on key child-related indicators as identified in the Sustainable Development Goals. There will be new evidence on what is holding children back and why in areas that remain poorly understood today. Robust policy solutions will help UNICEF to achieve the goals of the Strategic Plan, including through the priority campaigns of the Cause Framework. Policy advice will help country and regional offices to drive evidence-based reforms on issues affecting children. And UNICEF strategic planning and learning will be rooted in a strong evidence and knowledge foundation.

45. The Field Results Group was established in 2014. To support the 2018-2021 Strategic Plan, the Group plans systematic engagement with headquarters divisions and regional offices to highlight priorities that will ensure field offices are “fit for purpose” as they:

- (a) accelerate results achievement for children;
- (b) strengthen results-based management practices in sectoral and cross-sectoral programme guidance;
- (c) strengthen evidence-based decision-making, supported by monitoring and analysis of performance, using enhanced tools, and developing national systems;
- (d) implement modalities and partnerships focused on achieving results, while safeguarding and optimizing resources and building national systems;
- (e) effectively manage risks arising from the rationalization of work processes;
- (f) operate in the context of United Nations coherence and other partnership and donor arrangements; and
- (g) strengthen learning for improved programme management and results achievement and overall improvement of development effectiveness.

Cluster:	Technical excellence in procurement and management of supplies
Resources:	\$62.3 million

46. The strategic priorities of the Supply Division for 2018-2021 are: providing timely and effective service delivery, including for emergencies, programmes and procurement services partners; creating healthy markets and sustainable national supply chain systems; and providing supply financing solutions (for both countries and suppliers). To support and accelerate the achievement of results, strategies have been developed on the science of delivery; products and markets; services; the humanitarian-development continuum; national systems strengthening; financing and domestic resource mobilization; monitoring; the supply community; optimizing UNICEF supply; and strengthening organizational excellence. All of the strategies utilize a results-based approach and achieving key results and targeted outputs will have significant impact on achievement of the Goal Areas and result areas of the Strategic Plan.

Cluster:	Technical excellence in humanitarian action
Resources:	\$35.3 million

47. Engaging in humanitarian action is fundamental to realizing the rights of every child. Over the next four years, the Office of Emergency Programmes (EMOPS) aims to coordinate efforts at New York headquarters to provide quality, effective and timely support to country and regional offices to better invest in preparedness measures and address the most pressing humanitarian challenges for improved and sustained results for children affected by humanitarian situations. The goals of EMOPS support the Strategic Plan's focus on equity, reaching the most disadvantaged and leveraging humanitarian investments that will lead to better development outcomes.

48. Following the adoption of the 2030 Agenda, UNICEF has committed to deliver better outcomes for children, in a more effective and efficient manner, including by strengthening the complementarity between humanitarian action and development, human rights and peace and security. In this regard, over the next four years EMOPS will be placing special emphasis on enhancing internal capacity to respond to large-scale, rapid onset and protracted crises, improving the organization's humanitarian cash-based approaches through development of policy, guidance and tools to aid field offices in scaling up the use of cash programming in humanitarian settings; and enhancing UNICEF accountability to affected populations through strengthened community engagement, support to national systems and the development of inter-agency mechanisms. The Office will also strengthen its engagement with other United Nations entities to foster and support reforms towards more preventive approaches and strategic responses, and improved coherence and complementarity among humanitarian, development, human rights and peace and security actors in the interest of children, while respecting humanitarian principles.

Result 2: Improved management of financial and human resources in pursuit of results

Cluster:	Corporate oversight and assurance
Resources:	\$9.7 million: Evaluation \$38.1 million: Internal Audit and Investigations

49. In line with the UNICEF Evaluation Policy, the Evaluation Office oversees the corporate evaluation function, including implementation of evaluation activities by

decentralized organizational units. The Strategic Plan, 2018-2021 will guide the efforts of UNICEF to respond to the 2030 Agenda. This requires a robust evidence base to guide the organization in its programming and decision-making. The evaluation function will play a key role in such decision-making by providing impartial assessment and validation of the organization's strategic choices, programme performance and results, and feedback on operational effectiveness and efficiency.

50. Recent assessments of the corporate evaluation function have highlighted the need to strengthen its independence (thereby enhancing the credibility of evidence generated) and for evaluation to be more timely and responsive to the needs of the organization and bolstering its value and use for learning and decision-making. In particular, the opportunities provided by new media and technologies need to be harnessed to enable better use of evaluation evidence generated throughout the organization. The assessments also endorsed the role of UNICEF as a leader, through various partnerships, in joint evaluation activities and in building evaluation capacity globally.

51. As in the past, significant resources will support the delivery of quality independent corporate-level evaluations. However, innovative methods and approaches will enable greater responsiveness, timeliness and use: for example, by building modular portfolios of rapid, focused evaluations that address current issues, rather than undertaking large and lengthy individual evaluations. In addition to undertaking independent corporate-level evaluations, key roles for the Evaluation Office have been identified as critical for programming at the field level: most directly through evaluation capacity support, but also through innovation and learning from evaluation activities that benefit the entire organization.

52. The Office of Internal Audit and Investigations (OIAI) continues to provide independent and objective assurance and investigation services that are designed to improve the operations of UNICEF. The 2015 OIAI annual report provided the Executive Board with a robust annual opinion on the overall effectiveness of governance, risk management and control, which was welcomed by Member States. The office also helped management to make sustainable progress in areas such as formalizing the Regulatory Framework, improving management of implementing partners, strengthening data security, and managing risks around sexual abuse and exploitation. The public disclosure of the OIAI internal audit reports is emblematic of the clear commitment by UNICEF to organizational accountability and transparency.

53. Building on its achievements from 2014 to 2017, the OIAI assurance and advisory work will focus more sharply on the most important risks to the achievement of the organization's objectives, including thematic and systemic threats and opportunities. The office will continue to work closely with management to increase the effectiveness of the internal control framework, enterprise risk management, and, in particular, fraud risk management. And OIAI will focus on enhancing its own effectiveness and efficiency by re-engineering its internal processes, relocating auditors and investigators closer to the field and investing in technology in support of data analytics.

Cluster:	Corporate financial, information and communication technology and administrative management
Resources:	\$245.1 million

54. The Division of Financial and Administrative Management during 2014-2017 embarked on initiatives that improved management, corporate reporting and administrative services, streamlined internal processes and improved management of facilities and physical assets. Attention was equally paid to data integrity of the enterprise resource planning (ERP) system, improved reporting based on International Public Sector Accounting Standards (IPSAS), and better donor reporting and treasury performance.

55. During 2018-2021, the Division will focus on strengthening corporate risk management; improving the internal control framework; strategic resource management; structured financing for procurement of critical programme supplies; effective management of donor contributions; and corporate records management. Other areas of focus will include improving travel management services and promoting eco-efficiency and inclusive accessibility of premises, as well as providing high quality and timely client-focused support to regional and country offices and headquarters divisions.

56. The information and communications technology (ICT) function continued to enhance programme and operational effectiveness. Governance of ICT was strengthened, including through a new strategy to foster optimal partnerships and improve delivery in such areas as real-time systems monitoring, cybersecurity and the online protection of children.

57. Significant ICT projects were delivered in 2014-2017. For the Strategic Plan, 2018-2021 special emphasis has been placed on how technology can lead to improvements in internal efficiencies in service delivery as well as how technology and innovations can serve to reach the most marginalized and hardest-to-reach children. UNICEF ICT is linked to the "Enablers" in the new Strategic Plan, and will focus its work in accordance with the following priorities:

(a) Launch strategic ICT-enabled projects through a strengthened information and communication technology board, with the objective of an increased focus on programme effectiveness.

(b) Provide an engagement platform, consisting of a convergence of social media, relationship management, fundraising and a volunteer portal.

(c) Introduce an enterprise content management platform and digital workplace to enable knowledge management globally.

(d) Partner across UNICEF and deliver solutions to gather and leverage real-time information in development and humanitarian settings.

(e) Mitigate information, cybersecurity and privacy risks associated with internal systems, and those systems that support child/beneficiary information.

(f) Partner with the United Nations, private sector and technology industry to support both regular and emergency ICT areas.

Cluster:	Corporate external relations and partnerships, communication and resource mobilization
Resources:	\$249.4 million

58. The Public Partnerships Division (PPD) has been successful in policy advocacy and strengthening and broadening the UNICEF partnership base. The Division has helped to place children's rights on the political agenda at global, regional and national levels, and has effectively positioned UNICEF in relation to the international financial institutions (IFIs) such as the World Bank. The Division

supported scaling up collaboration with relevant European Union institutions to address the migration and refugee crisis. The Group of Friends for Children and the Sustainable Development Goals has continued to meet regularly and has been a channel for mobilizing government champions around important child rights issues.

59. The Division will invest in strengthening relations with its traditional and non-traditional partners. This will involve mitigating particular risks with some donors and maintaining revenue from other key donors, by streamlining and strengthening government advocacy, underpinned by the ability of UNICEF to demonstrate value for money. UNICEF will strengthen its collaboration with partners such as the World Bank and the other IFIs, building on gains in the current period to expand the resource and partnerships base.

60. In 2018-2021 the Division of Communication (DOC) will support UNICEF Strategic Plan results by contributing to “winning support for the cause of children.” The Division will continue to communicate and advocate for the most disadvantaged children. Its work on the new Strategic Plan remains grounded in the organization’s fundamental conviction that every child has an equal right to survive, thrive and fulfil their potential — to the benefit of their societies and a more equitable world. The Division aims to help to translate that conviction into resources and action for children, and it will do so by building a more coordinated, consistent and cutting-edge global communication and public advocacy operation, with the Cause Framework at its core.

61. The overarching focus of the Division’s work in 2018-2021 will be to put the rights and well-being of the most disadvantaged children at the heart of social, political and economic agendas, in line with the organization’s equity focus: to support shifts in public policies, investments and legislation; to fuel social engagement through campaigning, partnerships and support to social movements; and to increase public and private resources for children. In doing so, DOC will work closely with other divisions to ensure a fully integrated approach to the organization’s advocacy, communication, partnership and fundraising strategies.

62. The Private Fundraising and Partnerships (PFP) Division is responsible for the strategic framework for UNICEF engagement with the National Committees. Included in this functional cluster are costs related to the continued reinforcement of the relationship with the National Committees as well as private sector strategy development and implementation. The resources supporting specific National Committee and country office fundraising activities are included under special purpose.

Cluster:	Corporate human resources management
Resources:	\$98.0 million

63. The Strategic Plan, 2018-2021 identifies robust human resources practices as a key enabler to achieve results for children. The human resources function at headquarters and in the regional and country offices is accountable for enabling managers and staff worldwide to deliver the Goal Areas of the Strategic Plan (the “What”) through best-suited change strategies (the “How”).

64. The Division of Human Resources (DHR) will contribute by rolling out the remaining elements of the human resources reform and consolidating its impact throughout the quadrennium, focusing on the provision of client service and support to organizational culture change. More specifically, DHR will continue to pursue the following three priority areas:

(a) Simpler, faster and more targeted recruitment on the basis of staffing plans with an aim to enhance overall quality and diversity of UNICEF talent.

(b) Results-focused performance management as a foundation for effective career development.

(c) Strategic human resources business partnering, with the aim of providing managers and staff with an enhanced “one-stop-shop” client experience.

65. These priority areas will be supplemented by two cross-cutting areas:

(a) Design and delivery of a corporate learning agenda in support of the skills and competencies required to deliver on the Strategic Plan.

(b) Enhanced human resources management information systems and proactive data analytics, allowing for effective monitoring and risk management.

Cluster: Leadership and corporate direction

Resources: \$39.1 million

66. The Office of the Executive Director provides leadership focused on strengthening accountability for results, creating efficiencies, championing global partnerships, improving the quality and reach of programming, and increasing the resources available for child-focused investment. Strengthening accountability for results was pursued through the establishment of the Field Results Group and development of organizational systems and capacity to strengthen results-based management. Efficiencies have been gained through the consolidation of transaction processing through the GSSC and human resources reform processes, in addition to the realization of the largest savings ever in 2016 — \$520 million — through targeted procurement strategies. Championing global partnerships for children has contributed to the development of new partnerships including Education Cannot Wait, and strengthening existing partnerships, like the Scaling Up Nutrition (SUN) movement, which include Member States, civil society and the private sector. The continued development of data and programming strategies to reach the most vulnerable children has put equity at the core of the UNICEF programming approach.

67. The Office will continue to lead priority-setting, strategy development, innovation and oversight of the implementation of the Strategic Plan. This includes leadership for emergency response in new and protracted crises, improved programme design and formalization of new programmatic approaches, more systematic results reporting, guiding the development of an organization-wide research agenda, and professionalizing learning within the organization. The Office will continue to focus on the effective, efficient and transparent management of the organization, focused on the progressive achievement of the Strategic Plan’s change strategies in the areas of risk management, human resources, information and communications technology systems and operational services. Public advocacy, priority campaigns and high-level engagement around global partnerships to enhance political commitment, drive policy change and leverage resources for children will continue to be a priority.

Cluster: Staff and premises security

Resources: \$28.1 million

68. UNICEF global security activities are coordinated by EMOPS, in close consultation with the United Nations Department of Safety and Security and other United Nations security management entities. Key activities include monitoring and assessing global threats and risks; providing guidance on security risk management; and developing policies and procedures aimed at creating an enabling environment for successful programme delivery, while maintaining the safety and security of UNICEF staff and assets. The UNICEF Operations Centre supports this function for staff at all locations.

69. Through participation in key inter-agency forums and five Inter-Agency Security Management Network missions, the Office of the United Nations Security Coordinator continued to engage with the United Nations Security Management System to influence policy, processes and training to ensure that security directives align with the UNICEF mission.

Cluster:	Field/country office oversight, management and operations support
Resources:	\$896.7 million

70. Senior leaders in each country and region contribute to the delivery of this result through representation and cooperation with national and local leaders, partner organizations, and experts from other agencies and regional intergovernmental groups advocating for children's rights, especially for the poorest and most vulnerable, and through the effective and efficient use of resources made available to support programme delivery.

71. The approved 2014-2017 allocation of \$20 million for the harmonized approach to cash transfers (HACT) has contributed to establishing capacity for improved governance, risk management and assurance activities for cash assistance transferred to implementing partners. Significant improvements in the application of HACT were realized and this approach is now expanding to more broadly strengthen the management of UNICEF engagement with implementing partners in all offices.

72. With the establishment of the GSSC in Budapest, transactional work related to finance and human resources has shifted from field and headquarters offices to the Centre. This shift has provided an opportunity to review UNICEF office structures and staffing typologies to adapt to the changing programme-support requirements and ensure that these are appropriately and sustainably funded.

73. A review of the GSSC service delivery and performance sought to determine the benefits realized against the key drivers defined in the original business case. The business case estimated that staff in regional and country offices dedicate approximately 760,000 hours annually to finance, human resources and payroll transaction processing. With these processes now centralized at the GSSC, offices can redirect staff time in support of programme goals.

74. The GSSC became fully operational during 2017. Accounting for volume increases, and applying UNICEF standard staff costs, the GSSC is expected to generate approximately \$25 million in cost-savings for transaction processing in 2017, an increase from the original estimated savings of \$20 million.

Result 3: Coordination within the United Nations Development System

Cluster:	United Nations coherence and cluster coordination
Resources:	\$49.3 million

75. The Office of Emergency Programmes is responsible for the coordination of partners for the humanitarian clusters for water, sanitation and hygiene, nutrition and education, along with the area of responsibility at the global level in child protection. In addition, EMOPS is responsible for establishing inter-agency humanitarian partnerships, developing humanitarian policies, and providing operational support and building capacity for timely and predictable responses to crises.

76. The Office will strengthen its engagement with United Nations partners, especially through the Inter-Agency Standing Committee and directly with the International Organization for Migration, Office of the United Nations High Commissioner for Human Rights, Office of the United Nations High Commissioner for Refugees, World Food Programme and World Health Organization, to improve the coherence of United Nations system-wide actions and strengthened results for children. It will use its knowledge and field results to inform the development of bilateral and multilateral partnerships and alliances that have an operational and normative impact. The Office will also engage in more systematic and structured dialogue with United Nations Member States to increase awareness of the situation of children in emergencies and the role of states in ensuring their protection and development. The Office will also analyse existing systems to monitor and report on child rights and work to strengthen their scope and application in humanitarian settings.

77. Also included in this cluster is an allocation of \$17.0 million, representing the UNICEF contribution to the United Nations Resident Coordinator System, which seeks to ensure sufficient and sustainable resourcing for development system coordination.

Special purpose

78. The proposed special purpose resource requirements total \$1,318.2 million, comprising capital investments of \$80.0 million, PSFR activities of \$998.2 million, and other amounts, including \$240.0 million for the management of procurement services.

Cluster:	Capital investments
Resources:	\$80.0 million

79. A total of \$30.0 million is proposed for investment in technology-supported organizational solutions, spanning efficiency gains, better business intelligence, robust repositories of knowledge and externally-facing tools that increase interactivity for advocacy and partnerships. Implementation of these solutions is under way, covering the areas of: (a) knowledge management; (b) human capital management; (c) web content management; (d) records and case management; (e) enhancement to VISION (the UNICEF ERP system); and (f) ICT core support technology.

80. A total of \$20 million has been proposed for allocations to offices to support compliance with the Minimum Operating Security Standards. The use of these

resources will continue to focus on (a) systematic identification of vulnerable offices; (b) prioritization of security investments or relocation requirements; and (c) reduced capital repair and maintenance costs.

81. A total of \$30.0 million is requested for eco-efficiency initiatives and capital expenditure linked to premises management.

Cluster:	Private sector fundraising
Resources:	\$998.2 million

82. Included in special purpose, under PSFR, are the activities and estimated resource requirements of PFP to support the specific PSFR initiatives of the National Committees and UNICEF country offices. The activities related to implementation of the UNICEF Private Fundraising and Partnerships Plan, 2018-2021 and the appropriation for the related resource requirements will be presented for approval by the Executive Board on an annual basis.

83. In order to seize the full potential of the private sector, targets in the UNICEF Private Sector Plan, 2018-2021 have been set around four key audiences to raise both income and influence for children: individuals, key influencers, businesses and Governments (in National Committee countries). The plan supports National Committees and country offices to address the need for a more engaging and emotional experience for UNICEF supporters both in giving and in taking part in the organization's cause for children. The overarching goal is to mobilize private fundraising and partnerships in support of the UNICEF Strategic Plan, 2018-2021 so that \$9.6 billion gross (\$7.5 billion net) is raised from the private sector from 2018 to 2021; and so that tens of millions more supporters are mobilized for UNICEF, giving their voice, time and money, while ensuring that UNICEF fully harnesses the power of business to deliver on the child rights agenda with a vision towards 2030. These efforts will represent an increase in gross revenue from the private sector to \$2.9 billion and double the number of individual donors to UNICEF in comparison to the Private Sector Plan, 2014-2017.

Cluster:	Other, including procurement services
Resources:	\$240.0 million

84. Also included in special purpose, under "other", are the activities and estimated resource requirements covered by financial regulations 5.1 to 5.3 on special accounts administered by UNICEF and related administration costs. The results and estimated resource requirements are provided for information in the integrated resource plan, 2018-2021 and the integrated results and resources framework, 2018-2021. These activities currently comprise the administration of procurement services and of the Office of the Special Representative of the Secretary-General on Violence against Children.

85. The Supply Division administers procurement services on behalf of Governments and other partners to complement UNICEF programmes. These services provide partners with economical access to selected products, which allows them to leverage programmatic results. Procurement services totalling roughly \$6.0 billion are envisaged for 2018-2021, including \$3.5 billion for Gavi, the Vaccine Alliance.

IV. Institutional budget

86. The proposed institutional budget for 2018-2021 of \$2,455.5 million is \$361 million, or 17.2 per cent higher than the MTR approved institutional budget for 2014-2017, but slightly lower as a percentage of the integrated budget.

87. To ensure higher-quality outputs from the proposed increase in resources available for programmes, UNICEF is proposing to reinforce and improve development effectiveness activities with additional resources of \$154.5 million for 2018-2021. Additional resource requirements of \$206.5 million are proposed for management activities, United Nations development coordination activities and capital investments.

Major areas of increase and decrease

88. Table 3 details the proposed increase of \$361.0 million in the institutional budget. The change in resource requirements between the budget periods 2014-2017 (MTR) and 2018-2021 are analysed by cost category and functional cluster based on strategic shifts proposed by management and cost factors, including inflation.

Cost

89. Cost adjustments result from projected changes in the rates or conditions of staff costs, exchange rates and rates of inflation. Factors that may affect the rates and conditions of staff costs include within-grade increments and other post entitlements as determined by the International Civil Service Commission, vacancy factors and the organizational policy on funding employee liabilities. A total cost decrease of \$10.2 million is projected for 2018-2021.

Volume

90. The net total volume increase resulting from strategic shifts is \$371.1 million. The details of this increase are provided by functional cluster in the section on the integrated results and resources framework.

Table 3

Summary of increases/decreases in the institutional budget, 2018-2021

	Increases/(decreases)				2018-2021 \$m
	2014-2017	Strategic shifts	Cost	Total	
	\$m	\$m	\$m	\$m	
Development effectiveness	567.5	172.0	-17.5	154.5	722.0
Technical excellence in policy and programmes	478.8	158.4	-12.9	145.6	624.4
Technical excellence in procurement and management of supplies	52.9	15.2	-5.8	9.4	62.3
Technical excellence in humanitarian action	35.8	-1.6	1.1	-0.5	35.3
Management	1435.4	161.3	7.6	168.9	1604.3
Leadership and corporate direction	57.0	-19.4	1.5	-17.9	39.1
Corporate oversight and assurance	38.9	7.7	1.2	8.9	47.8
Corporate financial, information and communications and technology, and administrative management	207.3	30.8	7.0	37.8	245.1
Staff and premises security	13.3	14.6	0.3	14.8	28.1
Corporate external relations and partnerships, communication and resource mobilization	216.7	29.4	3.3	32.7	249.4
Corporate human resources management	107.1	-13.5	4.4	-9.1	98.0
Field/country office oversight, management and operations support	795.1	111.6	-10.0	101.6	896.7
Special purpose	55.0	25.0	0.0	25.0	80.0
Investment projects	55.0	25.0	0.0	25.0	80.0
United Nations development coordination	36.6	12.8	-0.2	12.6	49.3
Grand total	2094.5	371.1	-10.2	361.0	2455.5

91. Cost attribution is also in line with the QCPR resolution (67/226) that mandates organizations to avoid the use of RR to subsidize other resources financed activities, including the use of RR to cover costs related to the management and support of other resource funds and their programme activities.

Overview of post changes

92. The total number of posts in the institutional budget will increase by 310, from 2,792 in 2014-2017 to 3,102 in 2018-2021. This total comprises a net increase of 8 senior international professional posts (above P-5 level), a net increase of 235 other international professional posts, and a net increase of 67 national officer and general service posts. Of the total increase in posts, country and regional office posts account for 74 per cent and headquarters 26 per cent.

93. In Executive Board decision 2016/9, authority was given to the Executive Director for a proposed reserve of 10 additional director-level posts. The increases in senior posts are located in country offices in an effort to strengthen leadership and management structures in countries such as Afghanistan, the Central African Republic, Jordan, Nigeria and Sierra Leone. Appendix G of the annex (Change in institutional budget posts, by location) provides the distribution of posts by category in all offices and summarizes the changes between the two budget periods.

V. Cost recovery

94. In decision 2016/9 the Executive Board requested UNICEF, in collaboration with other relevant funds and programmes, to present to the Executive Board, in accordance with decision 2013/5, all requested information on cost recovery in time to be included in the consultations on the Strategic Plan, 2018-2021 and the integrated budget, 2018-2021 at its 2017 annual session. The present document includes the estimated amounts of cost recovery for 2018-2021 based on the currently approved methodology (decision 2013/5). Table 4 presents detailed information based on current cost-recovery methodology, as it pertains to the 2018-2021 integrated budget.

95. UNICEF, together with UNDP, UNFPA and UN-Women, engaged the Executive Boards of all four organizations and provided information on actual implementation of cost recovery policy based on currently approved methodology.

96. The integrated budget, 2018-2021 has been prepared using the cost-recovery methodology and cost-recovery rates approved in Executive Board decision 2013/5. The methodology results in proportional use of RR and OR to fund management activities and related costs. Table 4 shows that 19 per cent of the institutional budget subject to cost recovery will be funded from RR, and 81 per cent from OR; these proportions are different from the proportional shares of planned expenditure funded by RR (27 per cent) and OR (73 per cent) in that there is higher reliance on OR for recovering costs, showing a positive development in the effort to avoid what has been a trend over the years of disproportional use of RR to support management costs.

97. By ensuring the more proportional use of RR and OR to fund management and special purpose activities and related costs, a larger proportion of RR is available for allocation to programme activities.

98. Differentiated cost-recovery rates, including for thematic and private-sector contributions, calculated based on total projected expenditure, will continue to be lower than the harmonized base cost-recovery rate of 8 per cent. UNICEF is projecting that the effective cost-recovery rate for 2018-2021 will be 7.3 per cent.

99. Further information on the actual implementation and results of the revised cost-recovery methodology will be submitted to the Executive Board in conjunction with the inter-agency review of cost recovery.

Table 4

Application of the approved cost-recovery methodology

	Regular resources	Other resources	Total resources
	\$m	\$m	\$m
Total planned expenditure	6,420.3	17,550.6	23,971.0
<i>Proportional use of RR and OR to fund integrated budget</i>	27%	73%	100%
2018-2021 institutional budget (in millions of United States dollars)			2,455.5
Less: Development effectiveness activities			721.9
Less: United Nations development coordination activities			49.3
Less: Critical cross-cutting functions			202.6
Total institutional budget subject to cost recovery			1,481.6
Institutional budget - subject to cost recovery	286.6	1,195.0	1,481.6
<i>Proportional use of RR and OR to fund institutional budget</i>	19%	81%	100%
Planned expenditure (excluding cost recovery) use of other resources		16,355.6	
Cost recovery		1,195.0	
<i>Projected effective cost recovery rate</i>		7.3%	

VI. Reporting on implementation of the integrated budget

100. Given its reliance on voluntary contributions, UNICEF has established regular internal reporting processes that include continuous and rigorous review of the revenue and expenditure projections that form the basis of the integrated resource plan.

101. UNICEF will continue to report to the Executive Board, at its annual session, on the fulfilment of the results articulated in the Strategic Plan in the annual report of the Executive Director and, at its second regular session, on actual financial performance (in a format similar to the integrated resource plan) in the annual revision of the UNICEF Strategic Plan: updated financial estimates.

102. Since 2012, summary financial reporting (in a format similar to the integrated resource plan) based on the statement of comparison of budget and actual amounts and in compliance with IPSAS, has also been included in the UNICEF financial statements.

VII. Draft decision

The following draft decision is included for consideration:

The Executive Board

1. Welcomes the UNICEF integrated budget, 2018-2021 in response to its request (decision 2009/20) to present a single, integrated budget that includes all UNICEF budgetary categories, with an improved results focus and enhanced linkages with the strategic plan results and harmonized in methodology and presentation, including on cost classification, attribution and recovery, with UNDP, UNFPA and UN-Women;

2. *Approves* the integrated resource plan as the financial framework for the Strategic Plan, 2018-2021, based on projections of resources available, utilization and working capital required for liquidity;

3. *Approves* for the Global and Regional Programme a budget from regular resources of \$220.0 million, subject to the availability of resources, and other resources of \$810.2 million, subject to the receipt of contributions to other resources, for 2018-2021;

4. *Approves* an extension of Executive Board decision 2016/9 authorizing the Executive Director to establish 10 additional director-level positions, to be funded from within the approved institutional budget for 2018-2021;

5. *Approves* an appropriation for the institutional budget for 2018-2021 of \$2,455.5 million to cover the costs of development effectiveness, United Nations development coordination, management activities and, within special purpose activities, capital investments, and notes that the projected funding for the appropriation is \$1,095.2 million from regular resources and \$1,195.0 million from cost recovery from other resources;

6. *Notes*, in addition to the appropriation of \$2,290.2 million, the projected funding for the institutional budget of \$165.3 million from other resources, subject to the receipt of contributions to other resources;

7. *Notes*, within special purpose activities, the projected utilization of resources for:

(a) The amounts required in accordance with the UNICEF Financial Regulations to defray the costs of UNICEF administration of special accounts on behalf of others, including procurement services; and

(b) Private sector fundraising, for which budgets will be submitted for consideration and approval on an annual basis by the Executive Board at its first regular session;

8. *Requests* the Executive Director to:

(a) Provide actual financial information in the format of the integrated resource plan and to assess performance against the integrated budget in his annual report to the Executive Board;

(b) Submit to the Executive Board, for annual approval, an updated integrated resource plan at its second regular session, following review of the financial projections on which it is based;

(c) Submit to the Executive Board, in conjunction with the midterm review of the Strategic Plan, information on the actual implementation and results of the revised cost-recovery methodology, together with any related recommendations, at the annual session in 2018.



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For decision

United Nations Children's Fund

Executive Board

Second regular session 2017

12-15 September 2017

Item 10 of the provisional agenda*

Annex to the UNICEF integrated budget, 2018-2021

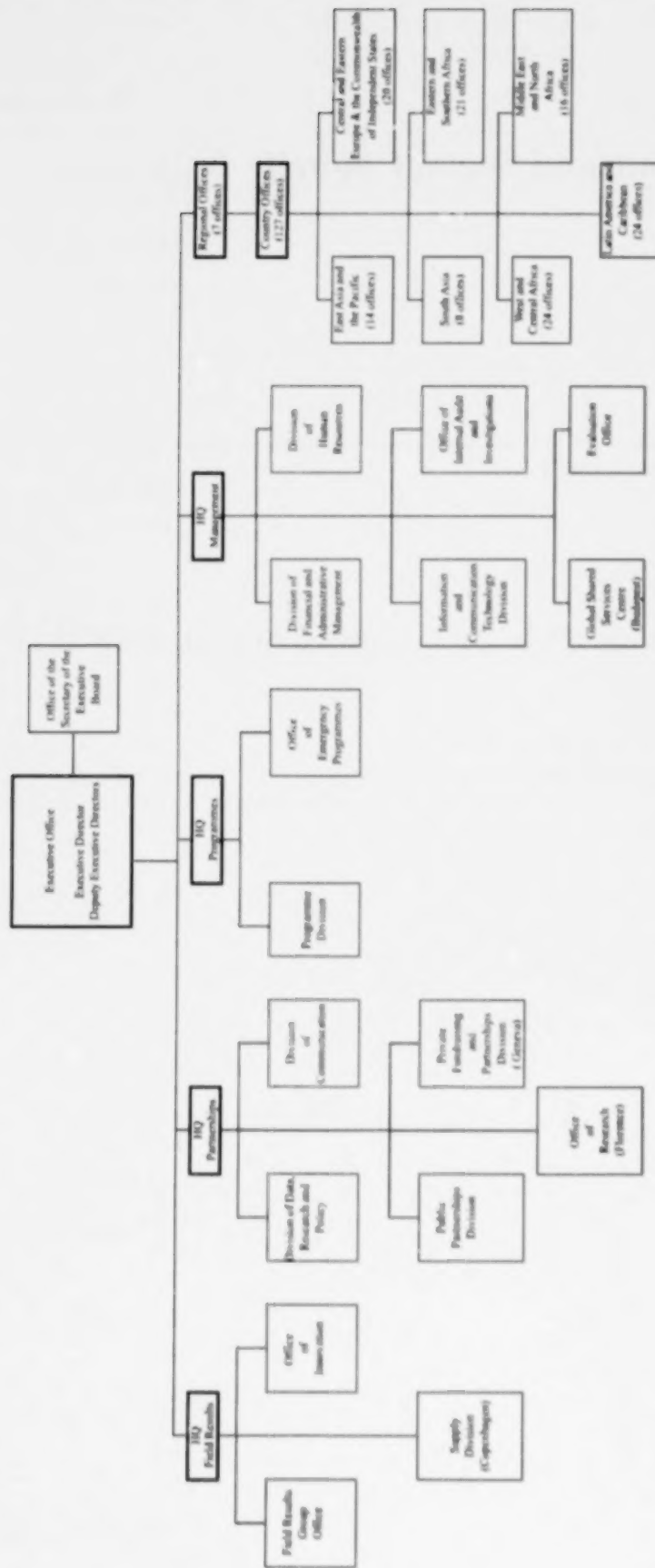
Summary

The present document presents the annex to the UNICEF integrated budget, 2018-2021 (E/ICEF/2017/AB/L.4), containing appendices A through G, and should be considered as part of that document.

* E/ICEF/2017/14.



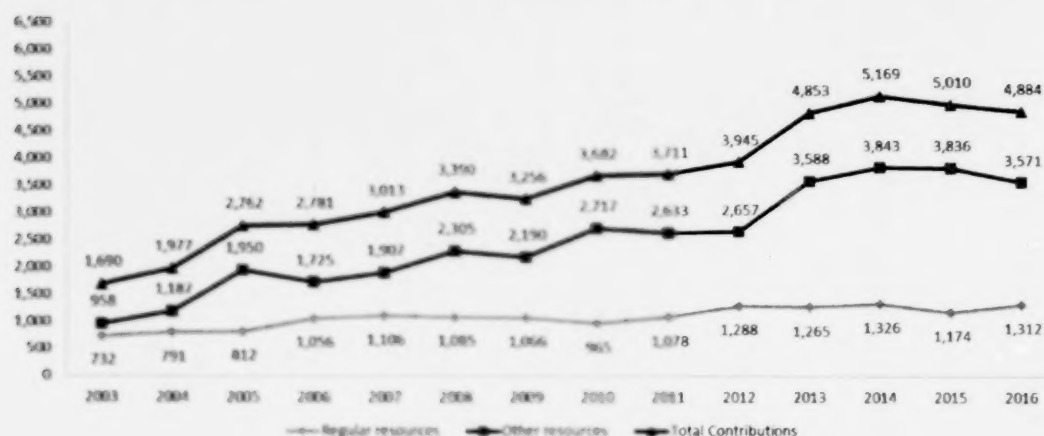
Appendix A – Organization of the secretariat of UNICEF, 2018-2021



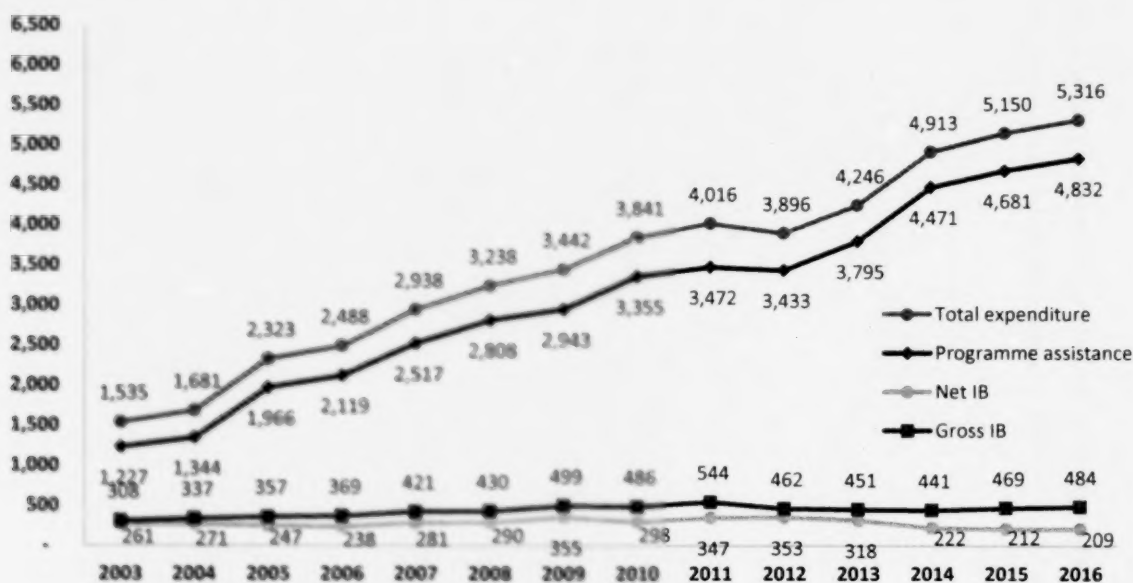
HQ = Headquarters

Appendix B – Actual revenue and expenditure, 2003-2016

Actual revenue, 2003-2016 (in millions of United States dollars)



Actual expenditure, 2003-2016 (in millions of United States dollars)



Appendix C – Comparison of plan and actual/estimated resource plan, 2014-2017
Comparison to original Strategic Plan as presented to the Executive Board in September 2013

	Plan (E/ICEF/2013/AB/L.4)			Actual estimate		
	Regular resources \$m	Other resources \$m	Total resources \$m	Trust funds \$m	Regular resources \$m	Other resources \$m
1. Resources available						
Opening balance	661.5	1799.7	2461.2	622.5	575.3	1853.1
Income						
Contributions	5353.0	10648.0	16001.0	0.0	4696.8	14970.9
Other income and reimbursements	280.0	0.0	280.0	0.0	427.4	0.0
Total income	5633.0	10648.0	16281.0		5124.1	14970.9
Trust funds				7432.0		20095.1
Tax reimbursement adjustment	(96.0)	0.0	(96.0)	0.0	(76.9)	0.0
Total available	6198.5	12447.7	18646.2	8054.5	5622.6	16824.0
						22446.6
						585.7
						0.0
						0.0
						6909.3
						0.0
						7495.1
2. Use of resources						
A. Development						
A.1. Programmes	4091.0	10713.6	14804.7	84.5%	3634.8	14372.5
A.2. Development effectiveness	467.4	100.1	567.5	3.2%	434.1	100.1
Subtotal - development	4558.4	10813.7	15372.2	87.7%	4068.9	14472.6
B. United Nations development coordination activities	20.3	16.3	36.6	0.2%	21.6	16.2
C. Management	648.7	786.7	1435.4	8.2%	328.4	965.7
D. Special purpose						
D.1. Capital investments	18.7	36.3	55.0	0.3%	18.3	61.4
D.2. Private sector fundraising	454.0	0.0	454.0	2.6%	430.2	72.1
D.3. Other	174.1	0.0	174.1	1.0%	192.8	0.0
Subtotal - special purpose	646.8	36.3	683.1	3.9%	641.3	133.5
Institutional budget (A.2+B+C+D.1)	1155.1	939.4	2094.5	11.9%	802.5	1143.4
						1945.9
						9.4%
						0.0
Integrated budget (A+B+C+D)	5874.2	11653.0	17527.3	100.0%	5060.3	15588.1
						20648.3
						100.0%
						6767.6
3. Projected closing balance of resources	324.3	794.7	1118.9		562.3	1235.9
						1798.2
						727.4

	Plan (E/ICEF/2016/AB/L.2 Rev.1)				Actual estimate		
	Regular resources \$m	Other resources \$m	Total resources \$m	%	Trust funds \$m	Regular resources \$m	Other resources \$m
1. Resources available							
Opening balance	575.3	1853.1	2428.4		586.0	575.3	1853.1
Income							
Contributions	4697.7	13685.7	18383.4		0.0	4696.8	14970.9
Other income and reimbursements	402.5	0.0	402.5		0.0	427.4	0.0
Total income	5100.2	13685.7	18785.9			5124.1	14970.9
Trust funds					7577.0		
Tax reimbursement adjustment	-76.6	0.0	-76.6		0.0	-76.9	0.0
Total available	5598.9	15538.8	21137.7		8163.0	5622.6	16824.0
2. Use of resources							
A. Development							
A.1. Programmes	3651.8	13429.1	17080.9	86.0%	7333.0	3634.8	14372.5
A.2. Development effectiveness	467.4	100.1	567.5	2.9%	0.0	434.1	100.1
Subtotal - development	4119.2	13529.2	17648.4	88.9%	7333.0	4068.9	14472.6
B. United Nations development coordination activities	20.3	16.3	36.6	0.2%	0.0	21.6	16.2
C. Management	531.2	904.2	1435.4	7.2%	0.0	328.4	965.7
D. Special purpose							
D.1. Capital investments	20.4	34.6	55.0	0.3%	0.0	18.3	61.4
D.2. Private sector fundraising	410.6	86.0	496.6	2.5%	0.0	430.2	72.1
D.3. Other	182.5	0.0	182.5	0.9%	0.0	192.8	0.0
Subtotal - special purpose	613.4	120.6	734.1	3.7%	0.0	641.3	133.5
Institutional budget (A.2+B+C+D.1)	1039.3	1055.2	2094.5	10.5%	0.0	802.5	1143.4
Integrated budget (A+B+C+D)	5284.1	14570.3	19854.4	100.0%	7333.0	5060.3	15588.1
Projected closing balance of resources	314.7	968.5	1283.3		830.0	562.3	1235.9

Appendix D – Institutional budget ratios, 2002-2017

	Actual												Actual/estimate	
	2002-2003		2004-2005		2006-2007		2008-2009		2010-2011		2012-2013		2014-2017	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Institutional budget	568.8		682.2		739.0		892.5		982.5		913.4		1945.9	
Funded from regular resources	466.1	82%	481.3	71%	468.3	63%	572.2	64%	597.8	61%	577.7	63%	802.5	41%
Funded from other resources and other recoveries	102.7	18%	200.9	29%	270.7	37%	320.3	36%	384.7	39%	335.7	37%	1143.4	59%
Total regular resources	1206.0		1365.0		1745.0		2087.8		2183.5		2405.6		5060.3	
Used for programmes	739.9	61%	883.7	65%	1276.7	73%	1515.6	73%	1585.7	73%	1827.9	76%	4257.8	84%
Used for institutional budget	466.1	39%	481.3	35%	468.3	27%	572.2	27%	597.8	27%	577.7	24%	802.5	16%

Appendix E – Annual revenue projections, 2018-2021

	Actual/Estimate				Plan			
	2014	2015	2016	2017	2018	2019	2020	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Regular resources								
Governments	660	546	562	512	532	540	554	564
Private sector	572	530	629	685	757	853	959	1,042
Other revenue	94	97	121	115	115	125	125	135
Total – regular resources	1,326	1,174	1,312	1,312	1,405	1,517	1,638	1,742
Growth percentage	5 %	(11)%	12 %	(0)%	7 %	8 %	8 %	6 %
Other resources (regular)								
Governments	1358	1080	1098	1083	1093	1196	1240	1284
Private sector	693	713	656	895	913	999	1114	1194
Inter-organizational arrangements	213	262	179	304	344	354	354	354
Subtotal – regular	2264	2055	1933	2281	2350	2549	2708	2832
Growth percentage	0 %	(9)%	(6)%	18 %	3 %	8 %	6 %	5 %
Other resources (emergencies)								
Governments	1163	1396	1313	1235	1266	1286	1308	1358
Private sector	131	214	159	90	100	100	100	100
Inter-organizational arrangements	285	170	167	114	114	114	114	114
Subtotal – emergencies	1579	1780	1639	1439	1480	1500	1522	1572
Growth percentage	19 %	13 %	(8)%	(12)%	3 %	1 %	1 %	3 %
Total – other resources	3843	3836	3571	3721	3830	4049	4230	4404
Growth percentage	7 %	(0)%	(7)%	4 %	3 %	6 %	4 %	4 %
Total revenue	5169	5010	4884	5033	5235	5566	5868	6145
Growth percentage	7 %	(3)%	(3)%	3 %	4 %	6 %	5 %	5 %

Appendix F – Annual expenditure projections, 2018-2021

Regular resources	Actual 2014 \$m	Actual 2015 \$m	Plan 2016 \$m	Actual 2016 \$m	Estimate 2017 \$m	Plan				
						2018	2019	2020	2021	2018-2021
						\$m	\$m	\$m	\$m	\$m
1. Resources available										
Opening balance	575	617	580	580	673	562	448	366	350	562
Income										
Contributions	1232	1077	1197	1191	1197	1290	1392	1513	1607	5802
Other income	94	97	105	121	115	115	125	125	135	500
Total income	1326	1174	1302	1312	1312	1405	1517	1638	1742	6302
Adjustment	-19	-19	-19	-19	-19	-20	-20	-20	-20	-80
Total available	1882	1772	1863	1873	1966	1947	1945	1984	2072	6784
2. Use of resources										
A. Development										
Programmes	904	874	935	878	979	1018	1065	1112	1164	4360
<i>Country programmes</i>	864	830	890	837	926	960	1010	1060	1110	4140
<i>Global and Regional Programme</i>	40	44	45	42	53	58	55	52	54	220
A.2. Development effectiveness	102	100	130	103	129	141	147	148	153	589
Subtotal	1006	974	1066	981	1108	1160	1212	1260	1317	4949
B. United Nations development coordination	5	5	5	5	6	6	6	6	6	23
C. Management										
C.1 Support Budget	97	72	142	62	98	99	114	117	130	460
C.2 Direct contributions	0	0	0	0	0	0	0	0	0	0
Subtotal	97	72	142	62	98	99	114	117	130	460
D. Special purpose										
D.1 Capital investments	3	5	5	4	5	5	6	6	7	23
D.2 Private sector fundraising	102	97	106	102	129	169	182	185	189	725
D.3 Other	52	39	49	46	56	60	60	60	60	240
Subtotal	157	141	160	152	191	234	247	251	256	988
Institutional budget (A.2+B+C+D.1)	207	182	282	174	239	251	272	276	295	1095
Integrated budget (A+B+C+D)	1265	1192	1373	1201	1403	1499	1579	1634	1708	6420
Closing balance of resources	617	580	490	673	562	448	366	350	364	364
Reserves										
After-service health insurance	390	411	430	434	455	470	490	510	530	530
Separation and termination liabilities	66	73	85	78	88	105	115	125	135	135
Medical Insurance Plan Fund	83	93	0	104	113	122	131	140	149	149
Field office accommodation and staff housing	9	12	9	5	6	3	1	1	1	1
Procurement services	2	2	2	2	2	2	2	2	2	2
Total	550	591	526	622	663	702	739	778	817	817

Annual expenditure projections, 2018-2021

Other resources

	Actual		Plan		Estimate				Plan			
	2014	2015	2016	2017	2018	2019	2020	2021	2018	2019	2020	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1. Resources available												
Opening balance	1853	2041	1918	1374	1236	862	584	367	1236			1236
Income												
Contributions	3843	3836	3543	3721	3830	4049	4230	4404	3830	4049	4230	4404
Other income	0	0	0	0	0	0	0	0	0	0	0	0
Total income	3843	3836	3543	3721	3830	4049	4230	4404	3830	4049	4230	4404
Total available	5696	5877	5461	5094	5066	4911	4814	4771	5066	4911	4814	4771
2. Use of resources												
A Development												
A.1 Programmes	3421	3672	3777	3503	3811	3924	4031	4151	3811	3924	4031	4151
<i>Country programmes</i>	<i>3288</i>	<i>3566</i>	<i>3645</i>	<i>3366</i>	<i>3611</i>	<i>3719</i>	<i>3831</i>	<i>3946</i>	<i>3611</i>	<i>3719</i>	<i>3831</i>	<i>3946</i>
<i>Global and Regional Programme</i>	<i>133</i>	<i>107</i>	<i>131</i>	<i>137</i>	<i>200</i>	<i>204</i>	<i>200</i>	<i>205</i>	<i>200</i>	<i>204</i>	<i>200</i>	<i>205</i>
A.2 Development effectiveness	11	29	33	27	32	32	34	34	32	32	34	34
Subtotal	3432	3701	3809	3530	3844	3956	4065	4185	3844	3956	4065	4185
B United Nations development coordination	4	1	2	10	6	6	6	6	6	6	6	26
C Management												
C.1 Support budget	212	240	257	257	285	285	285	285	285	285	285	285
C.2 Direct contributions	0	0	0	0	2	2	2	2	2	2	2	2
Subtotal	212	240	257	257	286	286	286	286	286	286	286	1144
D Special purpose												
D.1 Capital investments	7	17	19	19	14	14	14	14	14	14	14	14
D.2 Private sector fundraising	0	0	29	43	54	64	74	81	54	64	74	81
D.3 Other	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	7	17	48	62	68	78	89	95	68	78	89	95
Institutional budget (A.2+B+C+D.1)	234	287	310	313	339	339	341	341	339	339	341	341
Integrated budget (A+B+C+D)	3655	3959	4115	3859	4204	4327	4446	4573	4204	4327	4446	4573
Closing balance of resources	2041	1918	1631	1374	862	584	367	198	862	584	367	198

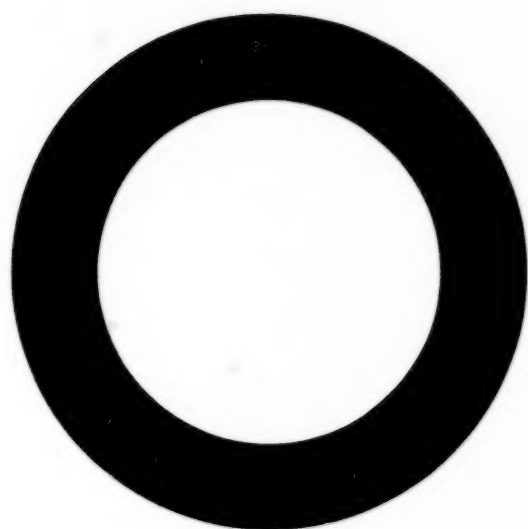
Appendix G – Change in institutional budget posts, by location

	2014-2017 approved posts							Changes increase/(decrease)							2018-2021 proposed posts						
	USG/ ASG	D2	D1	Other IP	All other	Total	%	USG/ ASG	D2	D1	Other IP	All other	Total	USG/ ASG	D2	D1	Other IP	All other	Total	%	
Country office	0	10	31	383	1189	1613	58%	-	-	8	33	127	168	-	10	39	416	1316	1781	57%	
Regional office	0	7	7	137	174	325	12%	-	-	-	78	(18)	60	-	7	7	215	156	385	12%	
Headquarters	4	15	31	459	345	854	31%	1	(1)	-	124	(42)	82	5	14	31	583	303	936	30%	
Total	4	32	69	979	1708	2792	100%	1	(1)	8	235	67	310	5	31	77	1214	1775	3102	100%	

ASG = Assistant Secretary-General

IP = International Professional

USG = Under-Secretary-General



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Item 10 of the provisional agenda*

United Nations Children's Fund**UNICEF integrated budget for 2018-2021****Report of the Advisory Committee on Administrative and Budgetary Questions****I. Introduction**

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Children's Fund (UNICEF) on the proposed integrated budget for 2018-2021 (E/ICEF/2017/AB/L.4). During its consideration of the report, the Advisory Committee met with the Deputy Executive Director, Management, and other representatives, who provided additional information and clarifications.

II. Integrated resource plan

2. According to the integrated resource plan summarized in table 1, the total projected resources from the categories of regular resources, other resources and trust funds for 2018-2021, which include opening balances of \$1,798.2 million, amount to \$24,532.6 million, reflecting an increase of \$3,394.9 million, or 16.1 per cent, compared with the total planned resources of \$21,137.7 million for 2014-2017. For 2018-2021, total regular resources are projected at \$6,784.1 million, reflecting an increase of \$1,185.2 million, or 21.2 per cent, compared with \$5,598.9 million for 2014-2017. Other resources are projected at \$17,748.4 million, reflecting an increase of \$2,209.6 million, or 14.2 per cent, compared with \$15,538.8 million in 2014-2017, and total trust funds are projected at \$7,875.0 million, reflecting a decrease of \$288 million, or 3.5 per cent, compared with the total of \$8,163.0 million for 2014-2017.

3. Income from regular resources, mostly contributions, is estimated at \$6,301.9 million for 2018-2021, reflecting an increase of \$1,201.7 million, or 23.6 per cent, compared with \$5,100.2 million for 2014-2017. Income from other resources is estimated at \$16,512.5 million, reflecting an increase of \$2,826.8 million, or 20.7 per cent, compared with \$13,685.7 million for 2014-2017.

* E/ICEF/2017/14.



Trust fund receipts are projected at \$7,148.0 million, reflecting a decrease of \$429 million, or 5.7 per cent, compared with 2014-2017. As regards the use of resources, the total resources projected for 2018-2021 is \$23,971.0 million, of which \$20,277.3 million will be used for programmes and \$2,455.5 million for the institutional budget.

4. In paragraphs 6-8 of his report, the Executive Director discusses the actual financial performance, supported by additional information in appendices B and C of the report. The additional information shows a slight downward trend in actual income of \$4,884.0 million in 2016 and an increase in expenditure of \$5,316 million in 2016. According to appendix C, the total available resources for 2014-2017, when compared to information presented in the midterm review of the UNICEF Strategic Plan, 2014-2017 (June 2016), is estimated to be \$22,446.6 million compared with the \$21,137.7 million planned, while the projected closing balance of resources for the 2014-2017 period is estimated to be \$1,798.2 million, compared with the planned use of resources of \$1,283.3 million. He adds that UNICEF proposed maintaining the institutional budget at the initially approved level of \$2,094.5 million for 2014-2017, with \$1,039.3 million in funding from other regular resources, \$938.8 million from cost recovery and \$116.4 million from other resources. When compared to the initially approved integrated resource plan 2014-2017, the Executive Director indicates that the proportion of total resources utilized for the institutional budget in the revised 2014-2017 integrated resource plan decreased from 11.9 per cent to 10.5 per cent. The Executive Director also indicates that UNICEF proposed maintaining a budget from regular resources of \$180 million and other resources of \$528.4 million, subject to the receipt of contributions to other resources, for the Global and Regional Programme during 2014-2017.

5. The Executive Director notes that the total projected revenue is \$22,814.4 million, representing an annual growth of 5 per cent, which is based on consultation with major donors, private sector partners, and National Committees for UNICEF, as well as the actual historical trend of revenue growth. Upon enquiry, the Advisory Committee was informed that of the total revenue projected, \$16,512.5 million will be other resources, and \$6,301.9 million will be regular resources. The Committee was informed that since 2014, regular resources from the private sector have grown by 20 per cent, from \$572 million to \$685 million, and that contributions from the private sector are expected to sustain regular resources in the 2018-2021 period. It was also informed that pledge donations, which accounted for more than one third of UNICEF total private sector revenue in 2016, have also proven to be resilient in the face of economic challenges and have grown despite unfavourable exchange-rate movements. Finally, the Committee was informed that additional investments in private sector fundraising between 2018 and 2021 are expected to drive strong returns in regular resources, based on trends and analysis of the potential in both National Committees and country markets where UNICEF offices are located, and on the average 10-year period in which pledge donors are retained.

6. Nevertheless, the Committee questioned whether aspects of the budget were based on realistic assumptions. In the supplementary information provided to the Advisory Committee, the actual expenditure of regular resource levels in 2015 were 12 per cent lower than 2014 results and in 2016 were 38 per cent lower than planned. The information also shows an incremental increase in the planned annual expenditure projections for the 2018-2021 period, with a projected increase of 17.5 per cent in the institutional budget during the 2018-2021 period.

7. Recognizing the inherent uncertainties associated with the resource projections and costing assumptions over a four-year period, the Advisory Committee notes that the next midterm review of the UNICEF integrated budget for 2018-2021 is an opportunity for UNICEF to present more precise

figures for its four-year budget cycle and encourages UNICEF to review its experience with the four-year budget cycle.

III. Institutional budget for 2018-2021

8. In paragraph 86 of his report, the Executive Director indicates that the institutional budget for 2018-2021 amounts to \$2,455.5 million, which represents an increase of \$361 million, or 17.2 per cent, compared with the approved institutional budget of \$2,094.5 million for 2014-2017. As indicated in table 1 of the report, the Executive Director proposes an institutional budget amounting to \$1,095.2 million in regular resources, \$165.3 million in other resources and \$1,195 million in cost recovery from other sources. According to the integrated resource plan, the proposed institutional budget for 2018-2021 represents 10.2 per cent of total resources, which is a slight reduction from the 10.5 per cent of total resources for the institutional budget indicated in the 2016 midterm review of the integrated budget, 2014-2017.

Proposed staffing changes

9. In paragraph 92 of his report, the Executive Director indicates that a total of 3,102 posts are proposed for the institutional budget for 2018-2021, representing an increase of 310 posts when compared to the 2,792 posts in 2014-2017. He adds that the increase comprises a net increase of 8 senior international Professional posts (D-1 level and above), an increase of 235 other international Professional posts, and a net increase of 67 National Officer and General Service posts. The Executive Director further explains that 74 per cent of the proposed new posts are located in country and regional offices and 26 per cent are located at headquarters offices.

10. The institutional budget for 2018-2021 also includes a proposal for the extension of Executive Board decision 2016/9 authorizing the Executive Director to establish 10 additional Director-level positions. The Executive Director notes that according to the Executive Board decision 2016/9, the Executive Director was granted the authority to utilize a reserve of 10 additional Director-level posts to assist country offices to strengthen their leadership and management structures, in certain countries impacted by intense humanitarian crises such as Afghanistan, Central African Republic, Jordan, Nigeria and Sierra Leone. The Advisory Committee was informed, upon enquiry, that the increased number of Director-level positions represents the delegated authority of the Executive Board to create Director-level positions to address the emerging needs in fast-changing programmatic and humanitarian environments. The Committee was also informed that an increase of seven D-2/D-1 posts were included in the integrated budget for 2018-2021, and the job descriptions have been classified using common classification standards established by the International Civil Service Commission.

11. While the Advisory Committee does not object to the establishment of these 10 posts, the Committee encourages UNICEF to regularly review the scale, complexity and urgency of the emergencies in countries where senior-level posts are to be established in order to determine the continuing requirement for, and appropriate level of, these D-1 posts, taking into account the functions and impact of the other new senior-level posts (above the P-5 level) to be created in the 2018-2021 period. The Committee also recommends that the Executive Board receive an update in the midterm review on the Executive Director's use of the 10 posts.

Non-staff personnel

12. The Advisory Committee took note of the information contained in the Joint Inspection Unit report JIU/REP/2014/8, which indicates that non-staff personnel

represented nearly 38 per cent of the UNICEF workforce in 2013. The Committee was informed, upon enquiry, that in 2015, non-staff contracts accounted for 21 per cent of the UNICEF workforce, and that these levels were maintained in 2016. It was also informed that full-time consultants accounted for about 11 per cent of the workforce in 2016. **The Advisory Committee takes note of the progress made to reduce the level of non-staff contracts in the UNICEF workforce and encourages UNICEF to further reduce its reliance on personnel that are not UNICEF staff, particularly full-time consultants. The Advisory Committee recommends that UNICEF continue to provide updated figures on non-staff personnel in the UNICEF workforce as part of the midterm review of the UNICEF integrated budget, 2018-2021.**

Travel

13. Upon enquiry, the Advisory Committee was informed that travel costs are projected to increase by 9.2 per cent in 2018-2021, partially due to the increase in the number of staff in field office locations (2,166 in 2018-2021 compared to 1,938 in 2014-2017). It was further informed that UNICEF is finalizing measures to improve the monitoring and control of travel-related expenditures and intends to show savings in this area in the coming years, including by making better use of technology to reduce the need for travel. **The Advisory Committee trusts there will be a reduction in travel costs, given the monitoring measures to be introduced and the efficiencies expected in the 2018-2021 period.**

Cost recovery

14. In paragraphs 94-99 of his report, the Executive Director indicates that the integrated budget for 2018-2021 has been prepared using the currently approved methodology, as agreed in Executive Board decision 2013/5. According to table 4 of the report, the projected effective cost-recovery rate based on this methodology is 7.3 per cent, which is lower than the harmonized cost-recovery rate of 8 per cent, but higher than the actual effective rate of 6.5 percent for the period 2014-2016. Table 4 also reflects that 19 per cent of the institutional budget that is subject to cost recovery will be funded from regular resources and 81 per cent from other resources. The data reflect a positive development by UNICEF to avoid what has been a trend over the years of disproportional use of regular resources to support management costs. The Executive Director's report also notes that the results of the revised cost-recovery methodology will be submitted to the Executive Board in conjunction with the inter-agency review of the cost recovery.

15. Upon enquiry, the Advisory Committee was informed that the cost-recovery rate will continue to be lower than 8 per cent, due to different cost-recovery rates for contributions to thematic funding and contributions from programme country Governments, which have a 5 per cent cost recovery rate. The Committee was also informed that the institutional budget will be increasingly funded from other-resources cost recovery as a result of the steady increase in other resources revenue over the last four years, including other resources for emergencies. The Committee was further informed that in the 2014-2017 period, the institutional budget was funded 55 per cent from regular resources and 45 per cent from other-resources cost recovery; for the 2018-2021 period, UNICEF projects 48 per cent from regular resources and 52 per cent from other-resources cost recovery.

16. Finally, the Advisory Committee was informed of the ongoing inter-agency review regarding the cost recovery methodology. **The Advisory Committee looks forward to receiving updates on changes to the methodology, if any.**

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Private Fundraising and Partnerships: financial report for the year ended 31 December 2016*Summary*

This document presents the financial and non-financial results achieved by the UNICEF Private Fundraising and Partnerships (PFP) Division, together with the National Committees for UNICEF and country offices that generated resources and results for children from the private sector, for the year ended 31 December 2016.

Total private sector revenue for the year met the Private Fundraising and Partnerships Plan target for 2016 of \$1.33 billion, of which \$623 million is RR and \$709 million is OR. The \$623 million in regular resources (RR) marks the highest-ever RR revenue generated in a given year and is almost \$95 million more than the previous year. This is primarily the result of concerted efforts focused on maintaining and increasing individual donors to UNICEF; in 2016, 7.7 million people, 4.5 million of whom are regular donors, donated to UNICEF. This growth was achieved despite the adverse effects of unfavourable fluctuations in exchange rates during the year that masked real growth in revenue generated by National Committees and country offices.

The Division continued to work with National Committees and country offices in 2016 to support integrated engagement with the public and private sectors to advance children's rights, leveraging results for children through both government and business actions. Results included positive changes in government policies and business regulations for children's rights. In addition, as part of an industry-wide approach, collaboration with the information and communications technology (ICT) industry included the provision of information systems and data transmission for initiatives such as birth registration programmes, tracking epidemics and disease vectors; and broadcasting for social mobilization.

The Division conducted a situation analysis of the work of UNICEF with the private sector in 2016. The analysis found that with sufficient investment, market knowledge and development, there is potential to enhance revenue growth, especially

* E/ICEF/2017/14.



of unrestricted resources. Findings from the analysis shaped the key strategies developed for delivering on ambitious goals with the private sector in support of the next UNICEF Strategic Plan, 2018-2021.

The Executive Board is requested to adopt the draft decisions relating to the increase in the Private Fundraising and Partnerships budget for 2017, which are included in section II of this document.

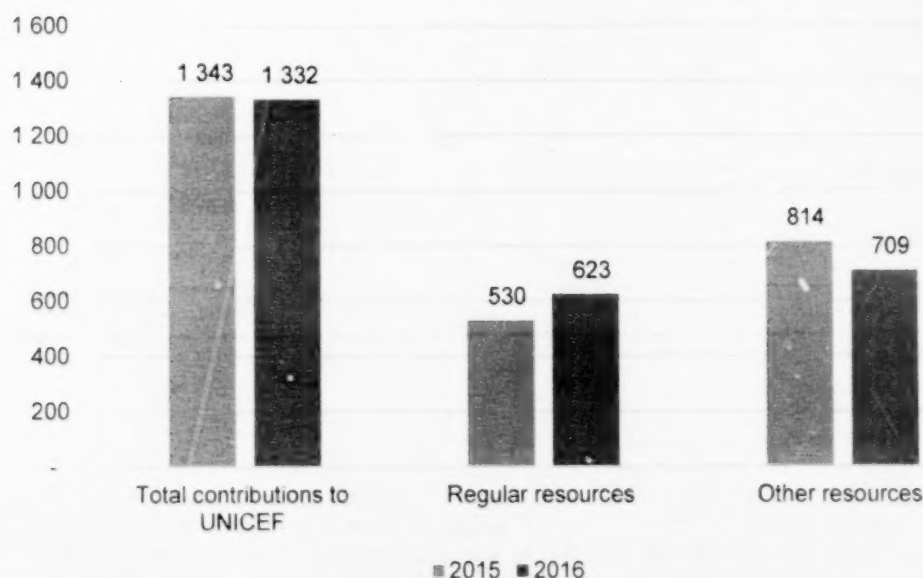
I. Overview of the 2016 results

1. The Private Fundraising and Partnerships (PFP) Division aims to achieve results for children by maximizing private fundraising and advocacy carried out by UNICEF around the world. To carry out this mission, PFP coordinates fundraising activities and non-fundraising partnerships with the private sector with 34 National Committees and 21 UNICEF country offices that have structured private sector fundraising activities. In addition, PFP manages strategic relationships with the National Committees for UNICEF and implements strategies in child rights advocacy, communication and brand positioning in National Committee countries through a range of partnerships, including with the media, corporations, civil society and young people.

2. In 2016, total private sector revenue from fundraising in 34 National Committees and 53 country offices was \$1.33 billion (from 21 country offices with structured activities and 32 country offices without structured activities). Of the \$1.33 billion raised in 2016, regular resources (RR) contributions represented \$623 million, the highest-ever generated from the private sector in any given year, while \$709 million was received in other resources (OR) contributions, \$550 million of which was other resources (regular), or ORR, and \$159 million of which was other resources (emergency).

Figure

Total contributions to UNICEF, 2015-2016
(in millions of United States dollars)



3. After deducting PFP expenses, including licensing costs funded by RR (\$123.1 million), as well as country office private sector fundraising expenses (\$28 million) and private sector engagement costs funded by other resources (\$0.7 million), and after accounting for adjustments such as impairment and foreign

exchange fluctuations, the net private sector surplus was \$1.18 billion. This amount is 7 per cent lower than the approved budget of \$1.26 billion.¹

4. The reduction in the net private sector surplus is due to a decrease in OR contributions of 7 per cent, which is mainly attributable to delayed receipt of revenue from foundations, which will be rephased into 2017. These variances in OR allocations were identified in April 2016 due to systematic financial monitoring that allowed for revised projections.

5. Due to the reductions in OR mentioned above, total contributions of \$1.33 billion in 2016 are \$11 million, or 1 per cent lower than 2015 contributions of \$1.34 billion. Meanwhile, the core business model to pursue RR through individual giving remained intact, with 2016 having the best performance in a given year, with RR increasing by almost \$95 million, or 18 per cent, from \$530 million in 2015 to \$623 million in 2016.

Table 1
Summary of private fundraising and partnerships results, 2016

Summary of PFP results (in millions of United States dollars)	Total private FR-RR	Licensing revenue expenses	Other PFP expenses	Total RR	National Committees private FR-OR	Other private FR-OR	Total private FR-OR	Grand total
Private sector revenue	618.2	5	0 000	623.2	555.5	153.4	708.9	1 332.1
National Committee sales expenses	0 000	(0.2)	0 000	(0.2)	0 000	0 000	0 000	(0.2)
PFP expenses — Special purpose	0 000	0 000	(105.9)	(105.9)	0 000	(28.6)	(28.6)	(134.5)
PFP expenses — Management costs	0 000	0 000	(13.8)	(13.8)	0 000	0 000	0 000	(13.8)
PFP expenses — Development effectiveness	0 000	0 000	(3.2)	(3.2)	0 000	0 000	0 000	(3.2)
Non-operating items								
Impairment	(0.3)	0 000	0 000	(0.3)	(1.9)	0 000	(1.9)	(2.1)
Foreign exchange gains/(losses)	4.6	0 000	0 000	4.6	0.1	0 000	0 000	4.7
Net PFP surplus	622.5	5	(123)	504	554	125	679	1 183

FR — fundraising

RR — regular resources

OR — other resources

PFP — Private Fundraising and Partnerships

6. Non-operating items include impairment (\$2.1 million) and foreign exchange gains (\$4.7 million) that were not budgeted. Some receivables were considered for impairment at the end of 2016 in accordance with prudent accounting principles. The impairment amount was due to the differences in the type of funds remitted to UNICEF compared to the type of receivables. The exchange gain arose from the settling of National Committee 2015 receivables during 2016 at more favourable exchange rates than the prevailing rates as at 31 December 2015.

¹ The overall Private Fundraising and Partnerships Plan 2014-2017 target for 2016 was \$1,336 million, which was set in 2013 at the time the plan was drafted. The budgeted amount for 2016, which was set in May 2015, was \$1,436 million, as a result of revised projections from the National Committees and country offices. Without exchange rate fluctuations and the timing of some payments on OR grants, the budgeted target for 2016 would also have been met.

and country office reinvestment from revenue generated nationally. Investment funds are used to accelerate growth in private sector revenue and, in particular, growth in the RR revenue generated for children from pledge and legacy giving by individuals. In addition, the global reach of UNICEF offers the organization a unique advantage as well; fundraisers share information on best-practice techniques for engaging donors and retaining support.

10. As noted earlier, OR revenue of \$709 million was \$101 million (12 per cent) lower than the 2016 budget of \$810 million and 12 million (2 per cent) lower than the revised budget of \$721 million. The lower performance in OR was largely due to the rephasing of ORR remittances by foundations, which was partially offset by higher than budgeted revenue from OR for emergencies. The channels driving OR revenue are noted below.

11. In 2016, contributions from companies reached \$148 million gross revenue. The donations were received from 35,000 companies ranging in size from sole proprietorship businesses to large international corporations. Exchange rate movements undermined the value in United States dollars from some corporate donations. There is increasing integration between corporate fundraising and individual fundraising. Customers and staff are engaged in the relationship with UNICEF and have contributed to the increase in the number of pledge donors. In 2016, a total of 40,000 new individual pledge donors were acquired through the relationship with corporate partners. This model presents RR revenue growth opportunities for UNICEF, and PFP is optimizing these opportunities to increase flexible revenue in 2017 and in the years beyond.

12. In 2016, partnerships and collaborative efforts with the corporate sector continued to play a critical role in the ability of UNICEF to deliver results for children. UNICEF works to harness the power, reach and influence of business on behalf of children by working with corporate partners on their responsibility to respect, and commitment to support, children's rights. UNICEF works closely with multinational corporations, national companies and small to medium-sized businesses to address the impact of business policies and operations on children, and as part of leading advocacy with and through business on child rights.

13. Some of the most important relationships in 2016 were with Amadeus, the Cartier Charitable Foundation, Change for Good®, FC Barcelona, H&M Foundation, the La Caixa Foundation, the LEGO Foundation and LEGO Group, Louis Vuitton and Unilever. In 2016, UNICEF celebrated the twenty-fifth anniversary of Change for Good®, one of the best-known and longest-running UNICEF partnerships. In addition, the FCB Foundation, Futbol Club Barcelona and UNICEF celebrated the tenth anniversary of their partnership and renewed their commitment until 2020.

14. Financial contributions from major donors reached \$45 million in 2016. These include a first-time \$6.6 million gift from a family in Finland to support the work of UNICEF in emergencies and child protection; \$3 million from a donor in Ireland to support vulnerable girls in Peru; and a new commitment from a family in Germany of a \$6.6 million gift for the 'Let Us Learn' initiative. Other multi-year pledges of \$1 million or more were secured in countries including Canada, the Netherlands and Sweden.

15. Significant work was undertaken in 2016 in developing a new business process and strategy for major donor growth. Extensive interviews with philanthropists as part of a multi country feasibility study informed the concept of a global recognition and engagement platform, which will be launched in late 2017.

16. Revenue from foundations was \$253 million in 2016. Significant successes in 2016 related to the relationship with foundations included, among others, strategic discussions on a 2030 engagement plan with the Bill & Melinda Gates Foundation; renewal of the partnership agreement with Rotary International; first funding received for a partnership with Alwaleed Philanthropies for measles eradication; first funding received, for Liberia, from the Power of Nutrition partnership; selection of UNICEF as a beneficiary through the IKEA Foundation of the IKEA Good Cause Campaign; and strong joint advocacy with partners such as the Conrad N. Hilton Foundation in support of early childhood, in collaboration with the World Bank.

Revenue from licensing of cards and products

17. In 2016, revenue from licensing was \$5 million. Of the \$5 million licensing revenue, \$4.8 million was generated in National Committees and \$0.2 million was generated in country offices. The licensing partners in 2016 included Belarto, Groupe Editor, Hallmark, the LINE Plus Corporation and Pictura, who support UNICEF by providing flexible, unrestricted funds to reach vulnerable children through programmes that contribute to child well-being. Collectively, licensing partners have contributed more than \$41 million to UNICEF through product-based fundraising over the lifetime of the partnerships.

Table 3
Licensing revenue

(in millions of United States dollars)

	2016 Actual	2016 Budget	2015 Actual	Increase decrease			
				2016 actual vs. budget		2016 vs. 2015	
				\$	%	\$	%
2016 Revenue from licensing and 2015 licensing, cards and products	5.0	0	8.8	5.0	0	-3.8	-43.5
Total	5.0	0	8.8	5.0	0	-3.8	-43.5

Table 4
Net revenue from licensing

(In millions of United States dollars)

	2016				2015		2016 Actual vs. budget	2016 vs. 2015 Actual
	Actual	%	Budget	%	Actual	%		
Gross revenue	5.0	100	0	100	8.8	100	-48.5	-43.5
Less licensing expenses of the National Committees	0.2	13.0	1.4	0	1.1	13.0	-853.0	-82.0
Net revenue	4.8	95.9	-1.4		7.7	87.0	440.7	-37.7

18. The net revenue ratio for licensing increased from 87 per cent in 2015 to 96 per cent in 2016. The increase in the net revenue ratio demonstrates that the licensing business model for cards and products is more cost effective than the in-house model that was discontinued in 2014.

Private sector fundraising in programme countries

19. In 2016, private sector fundraising in middle- and high-income countries through UNICEF country offices contributed \$182 million compared to \$195 million in 2015, which was a \$13 million (7 per cent) decrease in revenue. Of the \$182 million, \$29 million was contributed to the global RR and \$153 million to OR. Revenue from RR was equal to what was generated in 2015, despite unfavourable exchange rate movements in 2016. Similar to 2015, UNICEF country offices in Argentina, Malaysia and Thailand made multimillion-dollar contributions to global RR, and Brazil and Uruguay each contributed more than \$1 million. Nineteen of the 21 country offices with structured private sector fundraising activities contributed to global RR in 2016, compared to 18 in 2015.

20. Private sector fundraising in UNICEF country offices reached \$182 million compared to \$195 million in 2015. Gross revenue in country offices with structured private sector fundraising operations generated \$176 million (\$28 million in RR and \$148 million in OR) compared to \$192 million in 2015 (\$30 million RR and \$162 million OR). The \$15 million (8 per cent) decrease in revenue is primarily due to the fact that two instalments from a significant foundation donation were recorded in 2015, whereas only one instalment was received and recorded in 2016. Revenue of \$80 million was generated in Latin America compared to \$102 million in 2015, with the decrease related to the timing of the donation, as mentioned above. In Asia, \$55 million was raised in 2016, which was a \$7 million (11 per cent) decrease compared to 2015. This was due to unfavourable variances in Thailand where revenue was \$2 million lower than 2015, and in India where revenue was \$4 million less than 2015. Gross revenue in the Gulf Area, largely comprised of foundation revenue, increased by \$11.3 million, from \$21.3 million in 2015 to \$32.6 million in 2016. In the Central and Eastern Europe and the Commonwealth of Independent States region, gross revenue reached \$7.8 million, which was \$1.7 million greater than the \$6.1 million raised in 2015; while \$1 million was raised in the Eastern and Southern Africa region. Revenue from country offices without fully structured private sector fundraising operations increased by \$2.7 million (86 per cent), from \$3.1 million in 2015 to \$5.8 million in 2016.

21. The strategies pursued by country offices were in line with the Private Fundraising and Partnerships Plan 2014-2017, with a primary focus on monthly pledge giving, complemented by corporate partnerships, relationships with major foundations and individual philanthropists (principally in the Gulf Area) and emergency appeals. Country offices continued to invest in acquiring new pledge donors and the number of such donors continued to grow. Ten markets grew between 23 per cent and 152 per cent in this area. By the end of 2016, country offices had 1,146,500 pledge donors, an increase of more than 134,000 donors from the previous year. For example, more than 251,600 pledge donors in Argentina are now providing regular support to UNICEF while Brazil has more than 240,000 pledge donors who regularly donate to UNICEF. The total revenue from pledge through UNICEF country offices increased from \$76 million in 2015 to \$93.5 million in 2016.

Development effectiveness costs

22. Development effectiveness costs consist of the expenses related to the National Committee Relations function, which is responsible for managing the strategic relationship between UNICEF and its National Committees. The actual expenditure in 2016 of \$3.2 million was \$0.7 million (18 per cent) below the budget and equal to the costs incurred in 2015. This underspending was due to savings in post-related costs (\$400,000) and operational expenses (\$287,000).

Management costs

23. Management costs are comprised of the PFP Director's Office and Strategic Planning function (Director's Office) of \$1.6 million; and Finance and Operations costs of \$12.3 million. The total costs for this category were \$13.8 million compared to budgeted costs of \$16.9 million, showing an unutilized amount of \$3.1 million (18 per cent) and less than the 2015 expenses of \$14.3 million. The Finance and Operations costs of \$12.3 million were \$3.3 million below the approved budget (21 per cent) and were lower than the actual costs for 2015. The lower budget utilization in Finance and Operations was related to lower post-related costs of \$2.5 million due to unfilled vacancies and other posts-related expenditures that are centrally managed by UNICEF, as well as savings of \$600,000 in operating expenses.

Special purpose costs

24. Special purpose costs are comprised of fundraising (\$22.8 million), country office support (\$4.3 million), country office direct fundraising (\$29.2 million), marketing and communication (\$7.4 million), procurement (\$0.8 million), private sector engagement (\$5.7 million: \$5 million RR and 0.7 million OR) and investment funds (\$64.3 million). For the first time, country offices private sector fundraising expenses have been consolidated within PFP expenditure. Of the \$29.2 million country office direct fundraising costs, \$27.9 million was funded by special purpose OR and the balance of \$1.3 million was funded by special purpose RR.

25. In 2016, total special purpose costs were \$134.5 million, showing a positive variance of \$14.5 million (9.7 per cent) compared with a budget of \$149 million, and \$38 million (39 per cent) more than the costs for 2015. The increase in the costs compared to 2015 is due to the consolidation of the country office direct fundraising costs within the PFP costs in 2016 for the first time. Of the \$38 million, \$29 million are special purpose OR costs incurred directly from fundraising efforts in country offices. The other \$9 million special purpose for country offices are related to fundraising and investment funds. In fundraising, there was an overspending of \$0.3 million against the approved budget of \$22.5 million. The overspending was due to research and development activities undertaken to test innovative approaches to fundraising in a select number of National Committees. Country office support showed savings in post costs of \$0.9 million (18 per cent) out of a total budget allocation of \$5.3 million for post and non-post costs.

26. The total country office direct fundraising costs were \$29.2 million compared to the approved budget of \$44.9 million. This resulted in savings of \$15.6 million (35 per cent), of which direct fundraising costs funded by OR were \$27.9 million compared to the approved OR ceiling of \$41 million for 2016, resulting in a positive variance of \$13.1 million (32 per cent). Country office direct fundraising costs funded by RR were \$1.3 million compared to the approved \$3.9 million for 2016, resulting in a positive variance of \$2.6 million (66 per cent). Marketing and communication spent \$7.4 million out of a budget allocation of \$8 million, the \$0.6 million (7 per cent) saving was due to unfilled posts and savings in other post costs. In procurement, there were savings of \$0.3 million (29 per cent) out of a budget allocation of \$1.2 million, which were related to unfilled posts. There were savings of \$0.1 million in the RR-funded private sector engagement costs out of the approved RR budget of \$5.1 million. In addition, \$0.7 million was spent out of the approved OR ceiling for private sector engagement of \$2 million in 2016.

Investment fund expenses

27. To enable PFP to expand fundraising and more effectively mobilize resources for children through private fundraising activities, in its decision 2016/3 the Executive Board approved the allocation of \$60 million for investment funds in 2016. These funds aim to increase the capacity of the National Committees and UNICEF country offices to build a broader support base for raising funds from individuals and the corporate sector, and to test and evaluate new income-generating initiatives, focusing primarily on projects that offer high rates of return. In 2016, the total expenses for investment funds were \$64.3 million, compared with the approved budget of \$60 million. The \$4.3 million in additional expenses were funded from savings in operational costs, with the agreement of the Comptroller, in order to make investments in high-performing National Committees and country offices to grow future revenue by acquiring donors that provide sustainable RR.
28. The investment funds were allocated to 95 projects for fundraising activities in 40 countries, with funds focused on the most cost-effective fundraising in the markets with the largest potential. This compares to 2015, when investments were made in 127 projects for fundraising activities in 42 countries. A small but important share of the 2016 budget was allocated to legacy fundraising, which offers an even greater return and high levels of RR in the medium- to long-term.
29. The investments in 2016 are projected to generate a gross return of at least \$3 for every \$1 invested over a 36-month period, and these amounts are anticipated to return at least \$190 million in gross revenue over the next three years. All investment funds were used on fundraising development programmes, with \$55.3 million (more than 86 per cent) allocated to projects that directly support pledge acquisition. The balance was allocated to legacy fundraising and other activities to convert cash/one-off donors to regular/pledge donors.
30. The pledge acquisition activities included television advertising, face-to-face donor recruitment, and door-to-door and telephone marketing. The investment fund model continues to show significant success, with pledge generating \$653 million in gross contributions in 2016 compared to contributions of \$619 million in 2015, making pledge the most significant private sector revenue stream for UNICEF and the largest single source of RR. The number of pledge donors increased to 4.5 million in 2016 and donor retention improved across the private sector fundraising markets.
31. Private sector fundraising continues to deliver strong returns, providing one third of the overall revenue of UNICEF. Total private sector revenue met the Private Fundraising and Partnerships Plan target for 2016 of \$1.33 billion, of which \$623 million is RR and \$709 million is OR. The \$623 million in RR marked the highest-ever RR revenue generated in a given year and is almost \$95 million more than the previous year. This is primarily the result of concerted efforts focused on maintaining and increasing the number of individual donors to UNICEF.
32. Recruitment of pledge donors has proven to be the most effective way of engaging individual supporters and securing reliable long-term financial support in every market where it has been used. It is the single largest private sector revenue channel for UNICEF, delivering \$653 million in gross revenue in 2016. It also makes the greatest private sector contribution to RR. Revenue generated by 4.5 million pledge donors accounted for more than one third of UNICEF total private sector revenue in 2016. Pledge donating has also proven to be resilient in the face of economic challenges and has grown despite unfavourable exchange rate movements. Legacy giving is also a growing area for individual giving, with the

largest wealth transfer from one generation to the next anticipated to take place over the next 10 years.

33. A total of \$241 million in investment funds since 2014 have been focused on driving pledge and legacy giving in National Committees and country offices and has produced a 3.4:1 return on investment (ROI) over three years, slightly above the expected return of 3:1. The longer term ROI is even greater (estimated 8:1 over 10 years) as the retention of those pledge donors continues for an average of 10 years.

34. A 2016 situation analysis of the potential in both National Committee and country office markets for growing individual giving shows significant scope for growing both pledge and legacy giving. In order to tap into this potential and further jumpstart growth in revenue to support the new Strategic Plan, UNICEF is requesting an additional allocation of \$12.2 million in 2017 for investment funds and other key investments to drive significant revenue growth over the next four years.

Private sector engagement and advocacy

35. The second pillar of the Private Fundraising and Partnerships Plan 2014-2017 is to expand strategic engagement with the private sector and to advance children's rights through advocacy across all sectors of society. In 2016, PFP continued to build the capacity of National Committees and country offices to undertake integrated engagement with the public and private sectors to advance children's rights. During the year, PFP began rolling out a results framework to National Committees and country offices, which calls for a comprehensive approach to public and private sector engagement that is accountable and demonstrates real change. Roll out of the results framework has led to an encouraging start in reporting across the three pillars of the framework:² pillar 1 — business respects children's rights; pillar 2 — leveraging core business assets for UNICEF programme planning and delivery; and pillar 3 — strengthened advocacy and child rights education.

36. In 2016, a strategic approach to advocacy with and for business ensured that children were at the heart of the business and sustainability agendas. Progress was made on building the evidence for businesses to act on their direct and indirect impacts on children's rights. The Division also supported National Committees to conduct advocacy on the UNICEF child rights priority areas. The refugee and migrant crisis, particularly the crisis in Europe, and humanitarian crises (including silent emergencies) have provided opportunities to learn lessons and apply them globally.

37. For pillar 1, significant strides were made to build the evidence base for businesses to act on their direct and indirect impacts on children's rights. Building on the Private and Public Sector Engagement results framework and UNICEF tools and assessments, PFP, the National Committees and country offices leveraged results for children through government and business actions.

38. More than 30 country offices work with multi-stakeholder approaches on child rights impacts in prioritized industries, such as information and communications technology (ICT), mining and travel and tourism. For example:

(a) Mexico and Viet Nam completed travel and tourism impact studies in collaboration with five international companies, National Committees and industry associations.

² Based on an initial sample of 28 National Committees and 30 country offices.

(b) In Madagascar, a programme with the Ministry of Tourism has trained more than 900 national companies on child rights and business.

(c) UNICEF Mongolia completed a study on the in-migration impacts of the mining industry. UNICEF also launched a new Child Rights and Mining Tool Kit and initiated a multi-stakeholder working group to create the Child Rights and Security Checklist as a complementary tool of the Voluntary Principles on Security and Human Rights.

(d) In the ICT sector, UNICEF launched a thought leadership series and specific tools, such as the Mobile Operator Child Rights Self-Assessment Tool and a discussion paper on safety protocols, privacy and data-collection policies and content features for children's rights in the digital world.

(e) Other studies have demonstrated key areas of concern for children in marketing and advertising, product labelling and other components affecting nutrition. At least two countries have identified obesity prevention as an area of their work. Supply-chain focused assessments in the apparel, footwear, tea, palm oil and cocoa sectors have been completed and pilot projects focused on improved practices in favour of child rights have been initiated in Bangladesh, Côte d'Ivoire, India, Indonesia, Malaysia and Viet Nam, in collaboration with 14 national businesses and 6 international brands, and with engagement from National Committees.

(f) Through a multi-stakeholder platform on mega sports events, UNICEF has influenced policy dialogues with international sports bodies on their human and child rights policies and practices.

39. The children's rights and business evidence base is helping to map how business engagement on children's rights can be critical for achieving country programme goals and outcomes — on issues such as decent work provisions, child protection, water, sanitation and hygiene, breastfeeding, early childhood development, and health and nutrition. Results include revised government policies, regulations and standards for businesses for improved fulfilment of child rights. The Dutch Committee for UNICEF, for example, has integrated child rights into Dutch covenants for responsible business in the apparel and gold sectors.

40. For pillar 2, demand from countries continued to grow for innovative approaches and solutions to reach the most marginalized children at scale, coupled by interest from business to contribute to results beyond cash. In this context, PFP and the Office of Innovation continued collaboration on piloting new forms of engagement that tap into business core assets, such as expertise, data, networks, digital products and channels and new technologies (mainly with ICT-related industries) to develop solutions addressing children's particular needs. Learning from these pilot projects is helping to lay the foundation for a more strategic and systematic engagement approach for UNICEF to harness business core assets. Some examples include:

(a) Working with Google engineers and with data received from Amadeus, IBM and Twitter, UNICEF is piloting the "Magic Box" — a mechanism to strengthen programme delivery through the use of real-time information and analytics. For example, travel and mobile data in Zika-affected countries were used to track population movement patterns and help to predict the spread of the virus during the outbreak.

(b) Through collaboration with Facebook Free Basics in more than 50 countries, 1.5 million people are accessing life-saving information and advice on a monthly basis to keep young people and families healthy and safe.

41. Notably, PFP developed the guidance document *Children in Humanitarian Crises: What business can do*¹ in collaboration with the United Nations Global Compact, to raise awareness of the role businesses can play in mitigating risks to children's rights and on the opportunities for businesses to support and advance children's rights and well-being in humanitarian contexts.

42. An analysis of a sample of National Committee and country office annual reports by PFP Division² showed that more than half of country offices and 10 per cent of National Committees are leveraging business core assets for results, primarily through engagement with:

(a) The ICT sector — providing information systems and data transmission for initiatives such as birth registration programmes, tracking epidemics and disease vectors, training and capacity-building for ICT integration, or broadcasting for social mobilization;

(b) Media companies and channels — providing broadcasting for awareness-raising campaigns; and

(c) The financial sector — providing services such as bank transactions and affordable microfinance loans, or leveraging funds.

43. For pillar 3, throughout 2016, PFP supported the National Committees to advocate on the UNICEF response to the refugee and migrant crisis in Europe, monitoring implementation of the Sustainable Development Goals and efforts to tackle child poverty at the national level.

44. The voice of UNICEF was heard as the National Committees in Austria, France, Germany, Greece, Hungary, Italy, Slovenia and the United Kingdom of Great Britain and Northern Ireland, among others, advocated for the rights of refugee and migrant children. As a result, the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth adopted minimum standards for the protection of children, youth and women in refugee accommodation centres, which were rolled out throughout the country. The French and United Kingdom Committees gathered evidence on the dire situation of unaccompanied children in the informal settlements of Calais and Dunkirk, France,³ and joined voices with other organizations, advocating for urgent action to protect affected children. As a result, both Governments invested in accelerating the "Dublin procedures", which rapidly determine the Member State responsible for an asylum claim and provide for the transfer of an asylum seeker to that Member State — during and after the closure of the informal settlement at Calais. More than 750 children benefited from such measures and were transferred to the United Kingdom. In Italy, in part due to the efforts of the Italian Committee for UNICEF and civil society, who advocated for more than two years, a new law was passed in 2016 that has improved guardianship services and foster care for unaccompanied and separated children, and ensured high accommodation standards for these children.

45. National Committees made significant contributions to UNICEF advocacy for child-focused global indicators to measure implementation of the Sustainable Development Goals. Using data supplied by UNICEF, they urged their Governments to include robust, measurable and meaningful child-related indicators in the final negotiated list of Sustainable Development Goal indicators. As a result of their

¹ UNICEF and United Nations Global Compact, *Children in Humanitarian Crises: What business can do*, September 2016, www.unicef.org/corporate_partners/index_92759.html.

² Based on an initial sample of 28 National Committees and 30 country offices.

³ Through the study *Neither Safe Nor Sound: Unaccompanied children on the coastline of the English Channel and the North Sea*, French National Committee for UNICEF, United Kingdom for UNICEF and EDF Corporate Foundation, June 2016.

combined efforts, nearly the entire UNICEF list of recommended indicators was included and endorsed by the United Nations.

46. An analysis of a sample of country office and National Committee reports⁶ showed that 70 per cent of country offices and 18 per cent of National Committees are actively engaging with companies on advocacy to promote child rights and well-being in their policies and practices. A strategic approach to advocacy with and for business in 2016 ensured that children are at heart of the United Nations, business and sustainability agendas, and furthered UNICEF advocacy and partnership priorities in pursuit of the Sustainable Development Goals for children. A multi-pronged strategy included:

(a) Engagement in key multi-stakeholder platforms, such as the 2016 World Economic Forum Annual Meeting where UNICEF brought attention to children and humanitarian issues, calling for greater support for education in emergencies and protracted crises; and

(b) Advocacy efforts through leveraging the United Nations-business agenda (during the World Humanitarian Summit⁷ and through the Connecting Business initiative⁸) and inter-agency collaboration (through the United Nations Private Sector Focal Point Network) to promote private sector mobilization in support of emergency preparedness, response and recovery.

47. The Division developed guidelines for undertaking the Child-Friendly Cities Initiative (CFCI). National Committees have been active in making it a success: 24 are engaged in the CFCI and more than 900 municipalities have been recognized as child-friendly cities, with the numbers rapidly increasing.

48. The Division also developed a mapping of the Sustainable Development Goals and the Convention on the Rights of the Child, to show how the Goals intersect with the rights of children. In collaboration with the UNICEF West and Central Africa Regional Office, PFP published a framework for advocacy on silent emergencies, with a focus on the crisis in Nigeria and neighbouring countries.

49. Approximately 2.5 million children were reached through child rights education initiatives in more than 6,000 schools. Many of the schools are undertaking high-impact "whole school approaches to CRE." To promote this initiative, PFP produced a series of videos in collaboration with the National Committees in France, Germany, Portugal, Slovakia, Sweden and the United Kingdom. The videos are being used for advocacy and training with primary and secondary schools, Ministries of Education and other partners in a range of countries. The Division also supported development by the National Committees of child rights education materials on migration and their involvement in the World's Largest Lesson initiative, which engages children on their rights and the achievement of the Sustainable Development Goals.

Basis of preparation of the Private Fundraising and Partnerships financial report

50. All revenue and expenses figures in this report are stated on an accrual basis.

⁶ Based on an initial sample of 28 National Committees and 30 country offices.

⁷ World Humanitarian Summit, 23 to 24 May 2016, Istanbul, Turkey, www.worldhumanitarianissummit.org.

⁸ www.connectingbusinessinitiative.org.

Table 5
Revenue and expenses
(In millions of United States dollars)

	2016 Actual			2016 Budget			2015 Actual			Variance	
	RR	OR	Total	RR	OR	Total	RR	OR	Total	2016 actual vs. 2016 approved	2016 actual vs. 2015 actual
Private sector revenue										Amount	%
Revenue from greeting cards and products	5.0		5.0			0.0	8.8		8.8	5.0	0.0%
Private sector fundraising contributions	618.2	708.9	1 327.1	626.0	810.0	1 436.0	520.7	813.7	1 334.4	-108.9	-7.6%
Total private sector revenue	623.2	708.9	1 332.1	626.0	810.0	1 436.0	529.5	813.7	1 343.2	-103.9	-7.2%
Private Fundraising and Partnerships (PFP) expenses										Amount	%
A. Development effectiveness costs:	3.2		3.2	3.9		3.9	3.2		3.2	-0.7	-18.2%
National Committee Relations	3.2		3.2	3.9		3.9	3.2		3.2	-0.7	-18.2%
B. Management costs:	13.8		13.8	16.9		16.9	14.3		14.3	-3.1	-18.2%
Director's Office and Strategic Planning	1.6		1.6	1.4		1.4	1.1		1.1	0.2	13.6%
Finance and Operations	12.3		12.3	15.5		15.5	13.2		13.2	-3.3	-21.0%
C. Special purpose costs:	105.9	28.6	134.5	106.0	43.0	149.0	96.5		96.5	-14.5	-9.7%
Fundraising	22.8		22.8	22.5		22.5	17.6		17.6	0.3	1.1%
Country Office Support	4.3		4.3	5.3		5.3	3.7		3.7	-0.9	-17.8%
Country Office Direct Fundraising costs	1.3	27.9	29.2	3.9	41.0	44.9	1.1		1.1	-15.6	-34.9%
Marketing and Communication	7.4		7.4	8.0		8.0	6.9		6.9	-0.6	-7.3%
Procurement	0.8		0.8	1.2		1.2	0.8		0.8	-0.3	-29.4%
Private Sector Engagement	0.0		0.0	0.0		0.0	2.3		2.3	0.0	0.0%
Investment Funds	5.0	0.7	5.7	5.1	2.0	7.1	5.6		5.6	-1.4	-20.3%
	64.3		64.3	60.0		60.0	58.4		58.4	4.3	7.1%
Total PFP expenses	122.9	28.6	151.5	126.8	43.0	169.8	114.0		114.0	-18.2	-10.7%
Sales expenses of National Committees	0.2		0.2	1.4		1.4	1.1		1.1	-1.2	-85.3%
Impairment	0.3	1.9	2.1				2.1		2.1	0.0	0.0%

	2016 Actual			2016 Budget			2015 Actual			Variance	
	RR	OR	Total	RR	OR	Total	RR	OR	Total	2016 actual vs. 2016 approved	2016 actual vs. 2015 actual
PFP foreign exchange (gains)/losses	(4.6)	(0.1)	(4.7)	0.0	0.0	0.0	0.3		0.3	-4.7	0.0%
Net private sector surplus	504.4	678.5	1 182.9	497.8	767.0	1 264.8	414.0	813.7	1 227.7	-81.9	-6.5%
										(44.8)	-4%

OR — other resources

RR — regular resources

II. Draft decisions

51. The draft decisions relating to the increase in the Private Fundraising and Partnerships budget for 2017 are presented below for approval by the Executive Board.

Private Fundraising and Partnerships budgeted expenses for the 2017 fiscal year (special purpose)

The Executive Board

1. *Appreciates* that the revenue goals from private fundraising and partnerships for the Strategic Plan, 2018-2021 will require additional investment to capitalize on growth opportunities.

2. *Notes* that, in order to meet the 2018-2021 revenue targets, the Executive Director recommends the approval of an additional allocation of \$12.2 million for 2017 to make early investments to enhance sustainable revenue for programmes during the period of the UNICEF Strategic Plan, 2018-2021.

3. *Approves* for the fiscal year 2017 (1 January to 31 December) the increase of budgeted special purpose expenses from \$161.3 million approved in decision 2017/2 (E/ICEF/2017/AB/L.1) at the first regular session of the Executive Board in February 2017 to \$173.5 million as detailed in the table below.

(millions of United States dollars)

Investment fund costs funded by special purpose regular resources (\$70 million approved)	80.0
Other private sector fundraising costs funded by special purpose regular resources (\$46 million approved)	48.2
Total private sector fundraising and partnerships costs funded by special purpose regular resources	128.2
Private sector fundraising and partnerships costs funded by special purpose other resources	45.3
Total special purpose expenses	173.5